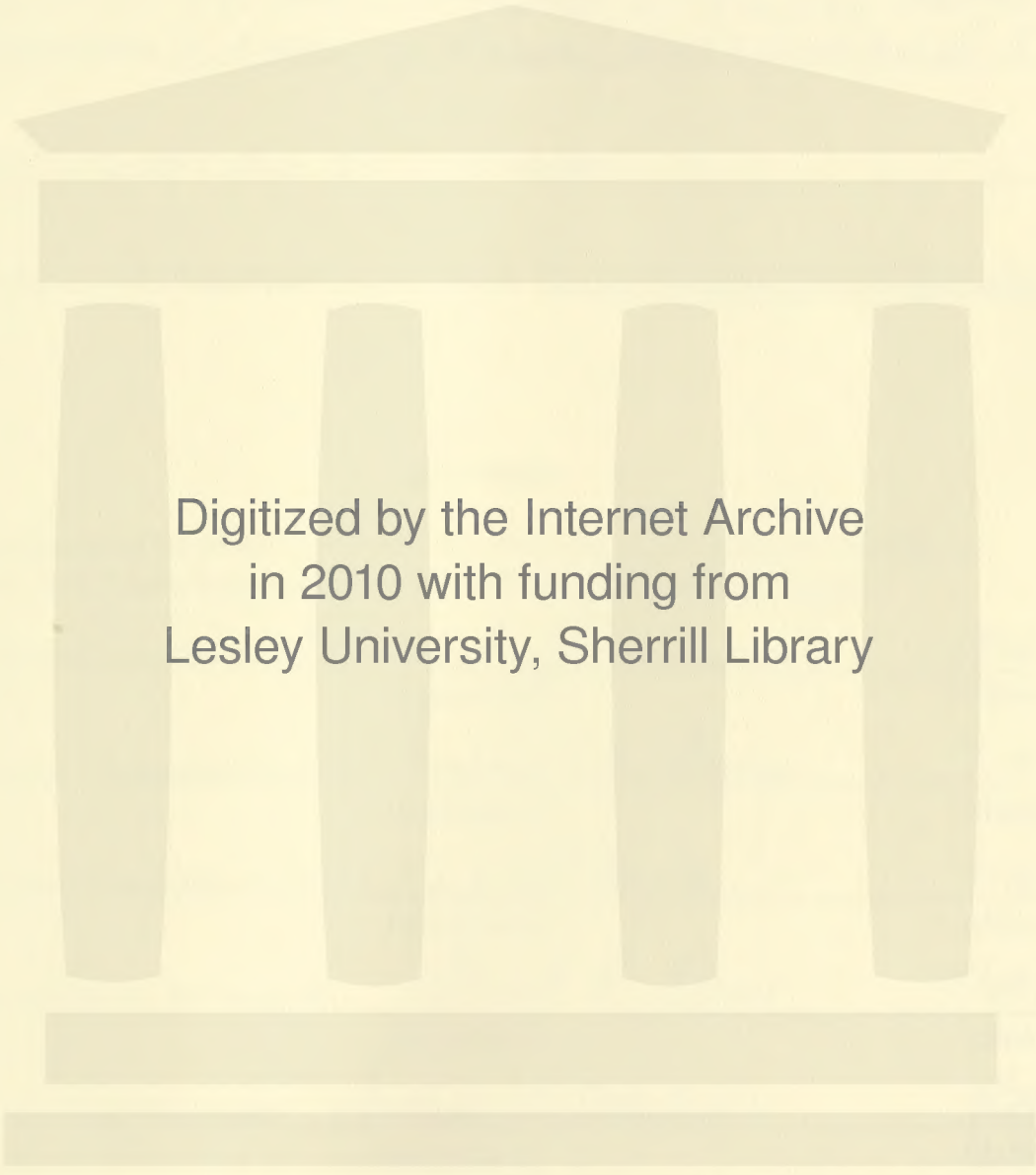
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THE ROLE AND IMPACT OF LEADERS' MENTAL MODELS IN EFFECTING PLANNED TRANSFORMATIONAL CHANGE

A DISSERTATION

submitted by

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for the degree of
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Abstract

Presidents and CEOs play a critical role in leading their organizations through planned transformational change (PTC) and generally, do not do it very well. This may, in part, be a result of leaders not closely examining and challenging their thinking about PTC and their role in leading it.

Leaders' mental models determine what and how they think about their organizations, employees, transformational change and what their leadership means and how their mental models determine their actions and behaviors in planning and implementing PTC. By examining and challenging their mental models, leaders may gain insights into alternative ways of leading and this reflection may result in action leading to greater effectiveness in their companies' ability to accomplish PTC.

A methodology based on Chris Argyris' espoused theory and theory-in-use concepts can be used by external consultants to help leaders make their mental models explicit and open to their examination. This process allows leaders to challenge their mental models and to develop alternative actions and behaviors in effecting PTC.

Research was conducted on four leaders of for-profit organizations. These companies varied in size, industry, and profitability. By conducting in-depth interviews with these leaders and their middle level managers, individual's mental models were analyzed and degrees of congruence between their espoused theories and their actual behaviors and actions were illuminated. It seems clear that mental models that stress a willingness to explore openly one's own thinking and behavior appears to result in leaders having greater choices of alternatives and selecting more appropriate strategies and actions in leading PTC. Little congruence seems to result in significantly reduced understanding leaders have about their actions and behaviors and leads to ineffective PTC.

Dedication

This dissertation is dedicated to the three powerful women in my life: my mother who taught me to love and, by example, to overcome adversity; my wife, Nelly, who unquestioningly supported my desire to return to school and pursue a Ph.D. while others were solidifying their careers, and who always believed in my eventual success, and Debora Sherman who rescued my studies and me from disorganization and dispair.

And to the family of Sciurus carolinensis who live outside my study window. To this day, they have not given up trying to get seeds from my "squirrel-proof" bird feeders. Their persistance and ingenuity I find inspiring.

Author Note

I want to thank my dissertation committee for their support, encouragement, and hard work in assisting me through this arduous labor. To Dr. Earl Potter, Dean of the School of Management, Lesley College, who provided guidance by challenging my research approach and insights into my "mental model;" to Dr. Larry Rossini, who spent many hours exchanging ideas with me, giving me insights into my studies, and telling me, "This is really good stuff;" and to Dr. Debora Sherman, professor and my dissertation committee chairperson, Lesley College, who guided my work, challenged my thinking, and encouraged my efforts. My appreciation for your professionalism and humanity can not be too strongly expressed.

To the presidents and CEOs of the firms who participated in this study, I want to express my gratitude for taking time from your busy lives to support this research.

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CHAPTER ONE: THE QUESTION

In my years of management experience in primarily high technology corporations, I have witnessed many corporate attempts at transformational change, yet little seemed to actually change from these attempts. Organizational leaders announced fundamental changes would be made in how business was conducted; executives were reassigned to head these efforts; new visions, missions, and goals were promulgated, and reams of paper were distributed telling company employees all about the "big changes" that would turn their company around. Organizations were restructured. Often employees were laid off. Jobs were changed. Stress was high in people and often resulted in physical, as well as emotional illness. The talented employees whose skills were in high demand often left to take jobs in more stable organizations. As people left, those remaining behind had to take up the increased workload. Stress increased and productivity continued to decline. In the end, the corporation continued its downhill slide, and the executives responsible wondered why their "well planned" changes did not work.

In the United States, education of executives, I believe, is woefully lacking. In one critical area, that of planned transformational change, executives do not learn how to lead it, nor do they have the opportunity to learn how to accomplish it successfully. Since the impact of failed transformational change is so serious to our society, the importance of educating this population has never been greater. My hope is that this study will contribute to this educational effort.

The question this dissertation explores is: What are the mental models of leaders and middle level managers in organizations undergoing planned transformational change and how do their mental models affect their perceptions in assessing the changes in terms of the problems they were designed to address?

This dissertation will explore:

- the mental models of two groups of organizational players: leaders and middle level managers,
- the relationships and roles of the mental models of the two groups of players,
- the similarities and differences, if any, of the relationships between the mental models of the two groups,
- the extent of congruence of the mental models of the two groups and how it influences their perceptions of the change effort,
- the cognitive content of leaders' thinking about the nature of organizations, the nature of people in organizations, the nature of organizational change, and percpetions of themselves.

This investigation includes an examination of:

- the mental models of leaders and middle level managers in planned transformational change situations,
- the aspects or components of their mental models about planned transformational change,

- their perceptions of the impact of their mental models on their planned transformational change efforts,

Mental models are the central focus of this study because of my assumption that such mental models have a direct impact on an individual's ability to make sense of the world around him/her and on the actions that result from this comprehension. Because leaders occupy the critical position in organizations, they are essential to the research. They have positional, as well as political, psychological, and spiritual power and influence, to lead the change effort.

The concept of mental models is important to understand because they affect what we see and believe. "Two people with different mental models can observe the same event and describe it differently, because they've looked at different details. We observe selectively" (Senge, 1993 p. 175). Actually, we perceive selectively. We choose, often unconsciously, what we are willing to see. Since we perceive selectively, our perceptions tend to reinforce what we already believe to be true; they are our mental models. Our mental models, too, are often unconsciously held and we assume they are accurate. Therefore, "...new insights fail to get put into practice because they conflict with deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting" (Senge, 1993 p. 174). In other words, mental models often block learning unless they are recognized and challenged. We develop defensive routines that insulate and protect us from disconfirming data. Argyris uses the oxymoron "skilled incompetence" to refer to people becoming "...highly skillful at protecting themselves from pain and threat posed by learning

situations." (Argyris, Putnam & Smith, 1985a) The result is the inability to learn, grow, and change.

What organizational members think regarding the organization, its people, and its change, is the result, to a great extent, of their mental models. From mental models, which inform knowledge and understanding, come action and behavior. This means that mental models influence operations of organizations through their impact on the actions and behaviors of organizational members. Therefore, this dissertation explores research subjects' thinking on:

- The nature of organizations and how they perceive the relevance and importance of power, group dynamics, systems, structure, and people;
- The nature of people in organizations and how they perceive the relevance and importance of what people want, what motivates them, how they react to different organizational situations and events;
- The nature of organizational change and how they perceive the relevance and importance of how and why people react to change, what causes resistance to it and what reduces it, and what motivates people to support it;
- The individual's perception of himself or herself including his/her understanding about him/herself; their own behaviors, motives, goals, and desires, within the context of the organization.

Knowledge is constructed. "Knowing something represents an act of constructing or of creating a meaning..." and "... every 'truth'

represents a construction of meaning: rather than a mere perception of reality as it is." (Campbell, 1994 p.10) . In other words, our understanding of organizational change is perceptually and contextually based; that is, it applies only to the individual's reaction to a specific situation and circumstances that are being experienced. Therefore, it is important for us, as researchers, to understand the specific situations and mental models with which leaders and middle level managers are involved.

Examining people's mental models and the thinking and actions associated with them will give us the ability to view their world through multiple lenses, thereby providing us with a more complete understanding of what may be going on. I believe, that it is through reflection and examination from multiple perspectives that we are able to learn to understand organizational existence, how it functions, and what our roles are in making transformational change work.

My own perspective in conducting this research is from that of an outside consultant whose mission is to aid organizations in making transformational change.

CHAPTER TWO: LITERATURE REVIEW ON THE THEORIES OF ORGANIZATIONAL CHANGE

INTRODUCTION

This chapter reviews the literature on the theories of organizational change by first describing, then comparing and contrasting the three major change theories (of Kanter et al., Van de Ven and Poole, and Chin and Benne) which provide the basis of the literature. Additional theoretical research work in this area of Romanelli and Tushman, Benyamin Lichtenstein, Kurt Lewin, and finally, Richard Beckhard will also be reviewed.

THE PURPOSE OF THEORY

In order to accomplish the goal of the next two chapters, which is to review the literature on theories of organizational change, it is first necessary to be able to distinguish between what is a theory and what is not a theory.

Kurt Lewin, the social psychologist, stated that there is nothing as useful as a good theory (Weisbord, 1987). What Lewin meant by this, in part, was that theory-making accomplishes several critical functions in aiding our efforts to gain understanding about the nature of our world. A theory **systematically organizes knowledge and information** including principles, concepts, hypotheses, processes, and systems into a meaningful structure that helps us better understand phenomena. A theory attempts to **explain causal relationships** trying to find reasons why certain occurrences happen while other occurrences don't happen. It **includes logical and convincing** arguments. A theory is broad

in scope, in that it generalizes to other situations that have similar circumstances. It should possess predictive capabilities. A theory is an answer to the query of why things happen (Kaplan, 1964; Merton, 1967). According to Weick, good theory is succinct, explains, predicts, and delights (Weick, 1979).

We can now see how a good theory is able to help us study organizational change. It helps us to understand the nature of organizational change by attempting to answer the questions of why organizations change and how this phenomenon happens. Theory enables us to compare and contrast different aspects of organizational change. It allows us to predict that if certain conditions exist in an organization, we can expect certain events to be the result. We can look at organizations in various situations and circumstances and make generalizations about why and how organizational change occurs.

Lewin, in stating that "nothing is as useful as a good theory", also meant that a good theory provides us with the opportunity to test our assumptions. It is through testing these assumptions that we expand our understanding of the world around us and also decide whether the theory has validity for us. Its design enables us to test its assumptions and determine for ourselves whether or not the theory useful.

Although Sutton (1987) says, there is a lack of agreement in our ability to distinguish between a theory and a model, it is important to attempt to distinguish between them because they serve different functions. In contrast to a theory, a model is "A schematic description of a system, theory, or phenomenon that

accounts for its known or inferred properties..." (American Heritage, 1997). Models help us to study the characteristics of a phenomenon, but they don't provide an explanation of how the phenomenon works or why it happens. Theory, on the other hand, answers these questions from a socially shared perspective. As we progress in examining organizational change theories in this paper, it therefore will be important to distinguish between theories and models, since only studying theories will accomplish our purpose.

Although our discussion has indicated the value of theory, several points need to be explored that put this value into perspective. The phrase "socially shared perspective" used above suggests that caution needs to be used in relying on theory to explain phenomena. As Gergen points out, "...accounts of 'the way the world is' don't grow from nature but from the application of a socially shared perspective" (Gergen, 1991 p. 94). While modernist philosophers of science attempt to establish a relational foundation for knowledge and the belief that factual knowledge exists "out there" independently of the scholar, postmodernists question the whole notion that objectivity can exist at all.

Before a scientific discovery can be claimed as a "fact", other scientists must examine the research and be able to repeat it. "Objectivity, then, is achieved through a coalition of subjectivities" (Gergen, 1991 p. 84) and as Hanson believes, we come to any particular event or situation with certain practiced ways of perceiving it (Hanson, 1958). This means that theory, to be accepted, must first gain approval from others who themselves come to the situation with their own preconceived notions and ways of

perceiving reality. "The truth" depends upon the context in which it is perceived. What the scientific community perceives as "truth" depends upon "...social factors such as power, social negotiation, and prestige" (Gergen, 1991 p. 94). "Thus...it is not the 'real world' that determines scientific description and explanation, but rather social processes within science and society" (Gergen, 1991 p. 93).

The importance of this discussion, I believe, is that while theory-making is exceedingly important in helping us understand the complexities of our world, we must, at the same time, remain aware of the limitations of theories. In the study of business organizations, a number of "theories" have purported to have "the answer" to business problems. Those who make statements of "truth" cannot make those statements objectively. Therefore, it is important to question the context in which the author makes these statements. This information aids in evaluating the worth the author's work has for us. At the same time, we need to recognize that theories are still the best way we have of sharing ideas within our context. Without theories, we have no basis for taking actions. Actions we do take maybe haphazard and without a real sense of what their results may be. That is why "business solutions" that are not based on theory may not only be worthless, but may be dangerous. Despite these limitations, I will consider a theory to be "systematically organized knowledge applicable in a relatively wide variety of circumstances, especially a system of assumptions, accepted principles, and rules of procedure devised to analyze, predict, or otherwise explain the nature or behavior of a specified set of phenomena" (American Heritage, 1997). Theoretical orientations

and perspectives help researchers develop a foundation to engage in research in a systematic, rational methodology. Theories are essential for this dissertation in analyzing from multiple perspectives data elicited from leaders and their middle level managers.

Historical Significance/importance of Early Theorists

It is important to examine the works of early theorists in order to understand their influences on current thought on organizational change. Four of these influential early theorists are Kurt Lewin, Richard Beckhard, and Robert Chin and Kenneth Benne.

It would be difficult to determine precisely what contributions each of these early theorists had upon individual organizational change researchers. However, that exercise is not as important as understanding what were these early theorists' contributions to subsequent thinking in the field of planned change. All of the above researchers approached the study and implementation of planned change from similar perspectives. They all were concerned with the need for understanding "..practical theory and the social dynamics of utilizing knowledge in effecting change..." (French et al., 1994 p. 111). Beckhard and Benne actually worked with Lewin. Beckhard had joined MIT's Research Center for Group Dynamics which was led by Lewin and Benne worked with Lewin on the design of the "Connecticut workshop" on race relations. Later, along with Lewin, Benne founded the National Training Labs at Bethel, Maine.

Lewin was first to lay out the concepts involved with understanding and implementing planned change before Beckhard and Chin and Benne wrote about them. This is not to say that they

merely copied Lewin's work. Each of these theorists took Lewin's work further and in different directions. Beckhard focused on the work of taking theory and applying it to the practical work of implementing planned change. Chin and Benne focused on behavioral aspects as well as developing concepts on planned change strategies.

Perhaps the most influential theorist was Kurt Lewin (1891 - 1947). Lewin, a social psychologist, was one of the earliest researchers and theorists on organizational change (see qualifying paper #1 for detailed information about Lewin). "Nearly every sincere effort to improve organizations from within can be traced back to him [Lewin], often through a thicket of tangled, hidden influences. His work spread from mentor to student, from consultant to manager to colleague..." (Kleiner, 1996 p. 30). Lewin saw as fundamental the building of a relationship between the abstract and the concrete, that is, between theory and practice. "The research worker can achieve this [relationship building] only if, as a result of a constant intense tension, he can keep both theory and reality fully within his field of vision." (Benne & Chin, 1976b p. 4). From this concern, comes Lewin's concentration on action research and continuous learning by doing, as a fundamental component of research.

Lewin made many major contributions that influenced others' subsequent work on organizational change including action research, three-step model of organizational change, and the determining role of culture in implementing change. The basis of Lewin's thinking was the belief that people inherently have valuable contributions to

make to their organizations. Also attributed to Lewin are implementation models of planned change such as those of Lippitt, Watson, and Westely (Burke, 1992), Edgar Schein (Schein, 1988), and Ralph Kilmann (French et al., 1994). Lewin posited the importance of conducting empirical studies of organizations. He developed the process of "action research" which involved both solving problems and creating useful knowledge about the process of change based upon accumulated research. By using this process, other researchers were able to contribute, in a systematic way, to the body of knowledge on organizational change. Lewin's three-step change model was the first to define change as a process involving forces, either in or out of balance, that determined an organization's actions. In addition, Lewin understood the profound importance of the organization's culture in accomplishing change. This work influenced the later work of others including Edgar Schein.

Richard Beckhard's (1918-) career overlapped Lewin's and was influenced by him. However, Beckhard himself, strongly influenced, in the early 1960s the new branch of organizational change referred to as organizational development. Beckhard saw that the greatest challenge to organizations was to grow and develop in positive ways. Therefore, he focused on the implementation of planned organizational change which he referred to as organizational development. Beckhard meant by implementation, that organizational development and growth needed to be planned, managed from the top, and aimed at increasing "...organizational effectiveness and health" (Beckhard, 1969 p. 9). This type of change consisted of planned interventions in the organization's processes

and was based upon behavioral science knowledge. Beckhard saw the need to change whole organizations. Although Beckhard believed that change had to be led from the top of the organization with a "vision-driven strategy" he, like Lewin, knew that the only effective way was to concentrate on groups or teams, not individuals, as the focus of managing change. This approach is more effective because group norms strongly affect individual actions. To gain critical support for change from stakeholders, it was necessary to focus on both current business results as well as accomplishing strategic organizational improvements (Beckhard & Pritchard, 1992 p. 25). Again, like Lewin, Beckhard saw the fundamental need for creating a workplace where workers could achieve through developing their full potential. Another Lewin concept, learning by doing as part of action research, was strongly endorsed by Beckhard.

Robert Chin (1918-) and Kenneth Benne (1908-1992) developed a three-way classification of change strategies. Chin and Benne were committed to a normative-re-educative family of strategies as the most "appropriate to the conditions of contemporary life and to the advancement of scientific and democratic values in human society." They did not reject the other two families of strategies, i.e. rational-empirical and power-coercive. "It is probably safe to predict that all three kinds of strategies will continue to be used in action programs [implementation plans]" (Benne & Chin, 1976a p. 13). In addition, utilizing their three-way classification, Chin and Benne traced the evolution of thought and knowledge about planned change. This enables us to view the flow of ideas over time and to point out alternative approaches to planned change.

Chin and Benne's ideas are similar to Lewin's in that the former's explains change from the perspective of human needs and behaviors. Lewin posited that organizations needed to be strongly motivated to "unfreeze" or begin the change. For example, Lewin stated that to "unfreeze" the organization employees must perceive a need for change. Chin and Benne's posit similarly that employees would logically see the need for change in "rational-empirical" strategy, be coerced into accepting change in "power-coercive" strategy, or individuals will change when "...their normative orientations to old patterns [are given up] and develop commitments to new ones" (French et al., 1994 p. 112). In other words, change occurs, when people change both their values, attitudes, and relationships in addition to changing their information, knowledge, and rational constructs.

Lewin stated that it is the behavior of organizational members that is changed. However, Lewin did not indicate the depth of the behavior change required as being at the deep level of attitudes, beliefs, and norms as do Chin and Benne.

As indicated earlier, Lewin had a profound impact upon later theorists. Through his associations from his work at NTL and MIT, Lewin was able to connect with and influence dozens of researchers. Those he influenced themselves, in turn, influenced many others in further developing organizational change theory and implementation concepts.

The following sections examine the literature on theories of organizational change by seven groups and individual researchers.

What is Organizational Change?

In this section, three broad theories defining organizational change, or in the case of Van de Ven metatheories, are described. In the following section, these three theories are compared and contrasted. Later in this paper, additional theories will be described and compared to our main three theories.

KANTER, STEIN, AND JICK

Rosebeth Kanter Moss is a professor in the Harvard Business School. Barry Stein is a management consultant in his own consulting firm. He specializes in helping companies in the United States and Europe to deal effectively with change. Kanter and Stein together have presented workshops internationally on issues related to organizational change. Todd Jick is a professor at the Harvard Business School. His specialty is the management of change.

Organizational change is conventionally thought of as involving a movement from "some discrete and rather fixed state" to another in certain time frames so that movement proceeds from one state at a certain time to another state and time (Kanter, Stein & Jick, 1992 p. 9). However, according to Kanter et al., organizations are fluid and dynamic. They are always in motion. Organizational components are moving in many directions at once. Change is considered deliberate when some aspect of the motion is steered in a specific direction.

According to Kanter et al., change involves two different phenomena. The first, is that to some degree change is in the eye of the beholder. Kuhn's "Paradigm" theory states that a number of

small changes eventually accumulate to a sudden realization or perception of being a qualitative shift (Kuhn, 1962), "...as in entering an entirely new state, with phenomena subsequently reinterpreted in terms of this new paradigm" (Kanter et al., 1992 p. 10). In other words, the shift to a new paradigm is a matter of perception on the part of the individual or group who is perceiving the phenomenon. Small changes, or "small-c" build up one upon the other until there is the perception that a qualitative shift, or "big-C" has taken place. Since change involves, at least to some extent, perception, the claim of change having occurred may be the result of certain motivations, stated or unstated, on the part of those making the declaration. Therefore, "we should always ask who has a stake in declaring something to be 'new and different'" (Kanter et al., 1992 p. 10).

The second, is that organizational change is not completely a matter of perception. There is an empirical aspect to it. This aspect refers to the presence of "...a set of characteristics associated with enduring patterns of behavior both of the organization as an entity and of people involved in it" (Kanter, 1983 p. 10). Without patterns of behavior the "fundamental value of any organization" would be destroyed since it is these repeatable behaviors over time that give the organization consistency and predictability (Kanter, 1983 p. 11). In addition, these patterns of behavior over time constitute an important feature of organizations that Kanter et al. refer to as "character." "Character" is "...rooted in the organization's structure, systems and culture" (Kanter, 1983 p. 11).

Further, organizations have the power to shape the behaviors of its members by encouraging certain kinds of behavior while

discouraging others. Shaping of behavior is accomplished through the organization's ability to make certain activities difficult and others easy. This is accomplished through formal systems of the organization including roles and responsibilities, rules and regulations, process and procedures, access to information, and rewards and recognition.

Since "character" refers to the organization's basic elements, it's understandable that fundamental and enduring change only occurs when there is change to its "character." "Transformation-capital-C 'Change'-requires a modification in patterned behavior..." and "An understanding of organizational character and its sources, and of how to modify it, is required for effecting deliberate change" (Kanter et al., 1992 p. 11). Therefore, we can see the importance of focusing on organizational behavior and not on isolated or idiosyncratic events or outcomes.

To this point, we have been discussing one way of viewing organizations by their dynamic interactions. It is these interactions that we want to control in order to be able to deliberately change organizations.

According to Kanter et al. organizations are made up of bundles of activity. "Organizations, as we see them, are bundles of activity with common elements that allow activities and people to be grouped and treated as an entity" (Kanter, 1983 p. 12). As activities change and as people move into and out of activity clusters, the organization shifts. Organizations, therefore, maybe said to be in motion. The organization's motion has a central tendency in its direction that results from a trajectory of past events, pushes arising from the

environment, and pulls arising from the strategies and goals constructed by those in power (Kanter, 1983 p. 12). At the same time activity clusters are in motion and their motion may or may not be aligned with each other or the organization's. This view of organizations recognizes that influences upon it come from many different sources and directions. It is not just top down through the chain of command. "Thus, organizational activity in the new model needs to be viewed in terms of clusters of activity sets whose membership, composition, ownership and goals are constantly changing, and in which projects rather than positions are central," according to Kanter et al. (p.13).

The individuals in these activity clusters interact with each other in a variety of ways. Some of their relationships are traditionally hierarchical; others are determined by certain skills and experience that the individuals bring to the activity, such as the ability for program management, the ability to obtain resources, and the ability to secure commitment from those in power. Activity sets are often not institutionalized, but instead their functioning is dependent upon the people who make them up. Activity sets such as project teams come together, function, and then disband dependent upon the energy and motivation of their participants. "...this more fluid view of organizations suggests that perhaps network theory or social movement theory is more relevant to the emerging economic world than is bureaucratic theory" (Kanter et al., 1992 p. 13).

Therefore, Kanter et al. see an organization as "... a coalition of interests and a network of activities within a momentum-bearing structure..." (Kanter et al., 1992 p. 13). Implications of this view are

that, organizations are constantly changing whether or not it is deliberately led change. Also, managers need to be aware of the array of networks that permeate and surround the organization and the source and effect of the organization's momentum in order to control change.

The concept of stability takes on a different meaning when we view organizations from this perspective. Stability is not seen as resistance to change but rather as motion that is smooth without discernible problems.

In putting together their model of change, Kanter et al. discuss the interconnections among three major factors. These factors are the forces both internal and external that initiate motion, the main types of change that correspond to internal and external forces, and the primary tasks for mangers in managing change. Their last section on managers' tasks in accomplishing change is part of the implementation process and is not covered in this paper.

Kanter et al. posit that there are three clusters of forces for emergent change to occur. According to Kanter et al. these forces create motion that triggers change. These are **environmental forces, organic or life-cycle forces, and political forces.** These forces impact and relate respectively to macro-evolutionary change, micro-evolutionary change, and revolutionary change.

Macro-evolutionary Change

Macro-evolutionary change is subject to **environmental forces for change** which are the relationships between organizations and their environments. These relationships deal with

organizations in similar industries competing for resources, markets, and customers. This environment is dynamic as new companies arrive on the scene and others are eliminated. The struggle is ongoing as the more successful companies fight for domination of their market attempting to gain advantages over their competitors.

Kanter et al. posit that these environmental forces "shape the pressures and possibilities for change" (Kanter et al., 1992 p. 27). The three theories associated with environmental forces of change are natural selection, institutional theory, and resource dependence.

Natural selection theory proposes that certain organizations survive while others do not because of the formers' ability to acquire resources and successfully occupy their niche. Population ecology is an example of natural selection theory (biological evolution) applied to sociology. Kanter et al., explain that in population ecology, change occurs through the process of random mutation, environmental selection of forms most fit for survival, and retention of successful patterns. Natural selection operates at the level of whole populations, such as competing industries. As whole industries change, individual organizations are altered in similar ways. A major drawback according to Kanter et al., is that population ecology does not take into account changes in the environment and those effects on organizations.

Resource dependency studies the environmental constraints caused by organizational interdependence as organizations attempt to secure the resources they need for survival. Organizations

negotiate for resources available in the environment in attempts to gain power and sustain their viability(Powell & DiMaggio, 1991).

According to Kanter et al., natural selection also encompasses other assumptions about survival including **survival by luck**, which assumes that success is achieved through experimentation and chance; **survival by similarity** or "isomorphism", which assumes survival is achieved by imitation of the most efficient and effective organizations in bargaining for limited resources; and **survival of the savvy**, which assumes that success is achieved by organizations through proactive and innovative actions in effectively dealing with environmental pressures and constraints. Another, more recent theory, institutional theory, according to Kanter et al., challenges the above assumptions by stating that organizations survive by effectively dealing with social and political forces surrounding them. This theory further states that, "...organizations must fit social expectations and values" (Kanter et al., 1992 p. 29). Without considering these forces, according to this theory, even well run, efficient organizations will fail. As Kanter et al. state about institutional theory, organizations are subject to the vagaries of current fads when they adopt new structures and patterns regardless of efficiencies if they are generally considered the "right thing" to do.

According to Kanter et al., the above assumptions involving natural selection, primarily apply to smaller and less powerful organizations. Kanter et al. explore the advantages and drawbacks to large diversified companies that are able to dominate their environment instead of being subject to it. Kanter et al. believe that

diversification is mostly detrimental to organization's continued success due to their need to function in multiple environments which tend to exacerbate forces for change.

Micro-evolutionary Change

Micro-evolutionary change, according to Kanter et al., is subject to organic or life-cycle forces for change. This refers to pressures on organizations from life-cycles due to forces of age, size, level or extent of complexity, or growth rate. For example, start-up businesses face a plethora of forces including securing sufficient resources, gaining brand recognition, retaining experienced management, licensing, and government regulations. These challenges push startups to change regardless of their strategic intent.

Growth, particularly rapid growth due to early success, presents business with additional forces for change. Rapid growth tends to create a climate of infallibility, the feeling that the company can do no wrong. This blinds top management to forces that may well destroy their companies. Other pressures that force change include the need to increase volume to achieve low-price strategy. This can result in cycles of reduced quality, efforts to fix quality, reduced profit, and greater need for volume. In addition, rapid growth requires large amounts of capital to maintain product delivery, retain customers, etc.

Life-cycle issues continue as the organization matures. The forces for change in mature organizations differ from those of organizations early in the life-cycle. These forces tend to restrict

change, whereas earlier in the life-cycle they tended to increase change. As organizations mature their growth necessitates greater coordination which requires more administrative functions that add to overhead costs. In addition, groups within the organization often seek to maintain their power and influence. They, therefore, have a vested interest in maintaining the status quo. Other forces constrain top management's freedom to institute change. These include various stakeholders such as stockholders, the investment industry, and investors such as venture capitalists. Also, the enterprise's success tends to make the organization believe in its unique abilities for achievement. This leads to a lack of self-questioning and the belief in inevitable success.

A third force for emergent change is politics. According to Kanter et al., politics refers to:

> ...networks of restricted access where limited exchange opportunities and power imbalances are common; tools for multiple stakeholders, where interest groups bargain and clash; or setting where informal, parochial, and divisive behavior stimulates organizational change (Kanter et al., 1992 p. 47).

The operation of politics in organizations is a dynamic process. As a result, it is a force for change as individuals and groups jockey for position and power. Politics can also restrain change, as well as apply pressure for change. Top management, because of its formal and informal agreements with individuals or groups, can find itself forced to perpetuate strategic directions that do not help the company to succeed. The need to satisfy internal and external constituent agreements can freeze leadership and prevent forces for

change. Politics can benefit organizations if it permits greater voice from opposing ideas and thereby encourages constructive conflict. In this case, people battle over ideas and innovation rather than power and personal gain.

Basic assumptions of Kanter et al's. model

- Change, at least in part, is a matter of perception. People perceive change differently, what it is or if it has happened at all.
- Change is also, at least partly, empirical. Change occurs when there are changes to the organization's basic elements of structure, system, and culture. Change can be measured.
- Transformation requires modification in behavior patterns. Without this, change is "small-c."
- Organizations get the behavior they ask for (shape members' behavior).
- Organizations are always in motion. This motion has direction and is found at all levels.
- Organizations are made up of activity clusters that are dynamic in nature since they constantly change their membership and goals.
- Managers need to be aware of the array of networks that permeate and surround the organization and the source and effect of the organization's momentum in order to control change.

VAN DE VEN AND POOLE

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Van de Ven and Poole state that change can be viewed using a complex grid of components (Van de Ven, 1988). These components include types of change, perspectives on the mechanisms which cause change, and the levels of organization which are affected by change. In contrast to Kanter's et al. theoretical view of organizational change which incorporates types of change, perceptions of change, and causes of change, Van de Ven and Poole, have posited a metatheory to analyze other theories of change. Van de Ven and Poole in so doing, actually provide a theory that can itself be used to explain change events.

Before examining Van de Ven and Poole's work, some terms used by the authors first need to be defined. Van de Ven and Poole define change as "...an empirical observation of difference in form, quality, or state over time in an organizational entity" (Van de Ven, 1988 p. 512) . An entity may refer to an individual; to a work group; to a program, product or strategy; or to an organization. Change process is a sequence of change events that unfold along a time frame. Process theory is "an explanation of how and why an organizational entity changes and develops. This explanation should identify the generative mechanisms [or motors] that cause observed events to happen and the particular circumstances or contingencies behind these causal mechanisms" (Van de Ven & Poole, 1988 p. 512).

Types of Change Theory

Van de Ven and Poole describe four types of change theory.

1. Life-cycle theory

This theory refers to change as existing within and being predetermined in an entity. This means that the developing organization has within itself the code, pattern, or logic of its eventual end-state (Van de Ven & Poole, 1988). This code regulates the process of change. "Thus, the form that lies latent, premature, or homogeneous in the embryo or primitive state becomes progressively more realized, mature, and differentiated" (Van de Ven & Poole, 1995). The external environment can influence how the entity expresses itself, but the entity's code also influences the developmental outcome. Life-cycle development is sequential in nature with each stage of development following from the previous one. Development is cumulative in that characteristics obtained in one stage are retained into subsequent stages. The development sequence is conjunctive with "stages being related such that they derive from a common underlying process" and "each stage of development is seen as a necessary precursor of succeeding stages" (Van de Ven & Poole, 1995 p. 515).

Development in organizational entities, according to life-cycle theories, follow a progression of activities in a specific "prescribed sequence" (Van de Ven & Poole, 1995 p. 515). Van de Ven and Poole give as an example the Food and Drug Administration's process for the development and commercialization of new drug products. Another example from other life-cycle theories is that of Roger's five stages of innovation (Rogers, 1983). The five stages are: recognition,

research on problem, development of idea into useful form, commercialization, and diffusion and adoption have an order that "...possess logic and a natural order of Western business practices" (Van de Ven & Poole, 1995 p. 515). In other words, life-cycle theories maintain that entities must follow a prescribed orderly set of activities as their development progresses.

2. Teleological Theory

Teleology is a doctrine of philosophy that states that there is a purpose or goal that guides changes of an entity. Organizations progress through a cycle of development that is goal oriented. The organization is purposeful and adaptive. There is no predetermined manner in which the organization reaches its final goal. Development, according to this theory, consists of a "...sequence of goal formulation, implementation, evaluation, and modification of goals based on what was learned or intended by the entity" (VandeVen & Poole, 1995). In other words, the organization envisions an end state, takes action to attain it, monitors its advancement, and revises its progress as necessary. Some teleological theory follows systems theory with the concept of equifinality, which means that there is more than one way of achieving the desired ends. However, the organization's environment and resources constrain what it can accomplish. After the organization has attained its goal, it may strive to reach new ones, depending upon the external environment or needs within the organization itself.

3. Dialectical Theory

This theory is based on Hegelian philosophy that organizations exist in a world of colliding forces that compete with each other for domination and control. These colliding forces may be external to the organization or internal to it with, for example, groups, having conflicting goals or interests competing for resources. Dialectical theory "... requires two or more distinct entities that embody these oppositions to confront and engage one another in conflict" (Van de Ven & Poole, 1995 p. 517). Stability is defined as a status quo that exists between two conflicting groups or individuals. Change occurs when one group or individual gains enough power and resources to confront the other and challenge the status quo. Thus, through the conflict of thesis and antithesis a new and different construct emerges which is called the synthesis. "By its very nature, the synthesis is a novel construction that departs from both the thesis and antithesis" (Van de Ven & Poole, 1995 p. 517). The dialectic conflict does not always result in a creative synthesis. One competing force may supplant the other with no synthesis taking place. It is also possible that one force totally suppresses the other and again no creative synthesis takes place. An example of a situation involving dialectic conflict and confrontation, where a creative synthesis is the result, can be seen in certain business mergers, where both companies to the merger battle to create their idea of what the new merged organization should look like. When both forces are relatively balanced, one cannot overpower the other and they therefore must work at creating the new company. However, if one side is more powerful then it may well overpower

the other and simply institute the way it currently runs its business. This latter example is one of dialectic conflict and confrontation with no creative synthesis taking place.

4. Evolutionary Theory

This theory is based on biological evolution that consists of a continuous cycle of variation, selection, and retention. Variation in organizations (new and different forms of organization) arises randomly. Selection occurs through the process of competition among organizations for resources. The organization that best takes advantage of the environmental niche survives. Retention occurs through forces that perpetuate and sustain certain organizational forms. "Thus, evolution explains change as a recurrent, cumulative, and probabilistic progression of variation, selection, and retention of organizational entities" (Van de Ven & Poole p. 518). A Lamarckian view states that variations are acquired through learning and imitation. The Darwinian view of the selection process is that small, continuous change occurs over a long period of time. Selection occurs in small, short steps. Darwin wrote, "as natural selection acts solely by accumulating slight, successive, favourable variations, it can produce no great or sudden modification; it can act only by short and slow steps" (Darwin, 1936 p. 361). Van de Ven and Poole take this latter approach in defining evolutionary theory of change. They specifically focus on small cumulative changes in "...structural forms of populations of organizational entities across communities, industries, or society at large (Aldrich, 1979; Hannan, 1977; Van de Ven, 1995 p. 518). Other evolutionary theories take a different

position on this topic. Saltation theory states that evolution occurs in sudden jumps. One such theory is "punctuated equilibrium" (Gould & Eldridge, 1977) which alternates sudden jumps with long periods of stability. Punctuated equilibrium as an evolutionary theory of organizational change is distinguishable from Van de Ven and Poole's by transformations taking place during short periods of time, instead of small cumulative changes occurring over long periods of time to accomplish transformation (Romanelli & Tushman, 1994).

To summarize this section, Van de Ven and Poole have discussed four theories that account for change in organizational entities. These theories can be distinguished from each other by, a) the process of change, b) the motor that drives change, c) the unit of analysis which refers to single or multiple entities, and d) the mode of change which refers to prescribed or constructive modes. In the next section these mechanisms of change are explored in more detail to explain why change takes place and how it occurs.

Distinguishing Characteristics of Van de Ven and Poole's Process Theories

The Cycles and Motor of Change

1. In Life-cycle theory, process is immanent, that is, it exists within the entity. Therefore, the stages of development are predetermined. The motor for change is the Life Cycle process itself. 2. In Teleological theory, the process is purposeful and progresses through the entity's learning process. The goals that the entity pursues must be generally agreed upon so that the entity acts in unison. The motor for change is the implementation of

the selected goal by the entity. 3. In Dialectic theory, the process is one of conflict between entities having thesis and antithesis which creates a synthesis or a suppression or destruction of one of the entities thus creating no synthesis. This cycle can be repeated. The motor for change is conflict and confrontation. 4. In Evolutionary theory the process is one of repeating cycles of variation, selection, and retention. Competition is for scarce resources and the ability to take advantage successfully of a specific niche. It is the competition that serves as the motor for change.

The Unit of Change

Change can occur at different levels of organization. These include the individual, group, organization, and groups of organizations. Life-cycle and teleological theories operate on a single entity while evolution and dialectical theories operate on multiple entities. This is understandable when we consider that dialectic and evolution theories require conflict or competition respectively. Life-cycle and teleological theories are immanent from within the entity and therefore require only one entity to operate.

Mode of Change

There are two modes of change, constructive and prescribed. Each change theory can be distinguished according to how the cycle of change occurs. Cycles either develop in a constructive, or in a prescribed mode. Life-cycle and evolution theories develop from a prescribed mode since they either come from a built-in code or from a continuous series of modifications.

Teleological and dialectic theories must develop from a constructive mode of change since they are able to develop new and unprecedented forms.

There is another important difference between the four theories of change that involves the degree to which change is achieved. Van de Ven and Poole state that evolution and life-cycle theory result in "first-order change" only while teleological and dialectic theory result in "second-order change" (Argyris, Putnam & Smith, 1985a; Bartunek, 1993; Watzlawik, Weakland & Fisch, 1974). "First-order change" is change which is continuous and a variation on a theme. This is similar to Kanter's "small-c" change. "Second-order change" breaks with past assumptions and frameworks and is analogous to Kantor's "big-C" change.

So far, this discussion has focused on four ideal type theories of change. However, Van de Ven and Poole point out that the real world of organizational change is more complex than can be explained by these four theories. There are two reasons for this greater complexity. First, change extends in time and space in any specific case. "The spatial dispersion of units and actors means that different influences may be acting simultaneously on different parts of the organization..." (Van de Ven, 1995 p. 526). This means that change takes time and this allows for different motors to come into play; therefore, more than one motor can impact a specific change situation. Second, change is complex and it is unlikely that any single motor will account for this complexity. As Van de Ven and Poole state, "... most specific theories of organizational development and

change are actually composites of two or more ideal-type motors" (Van de Ven, 1995 p. 527).

Van de Ven and Poole point out the importance of closely examining the relationships among motors of the four theories. They explore three types of relationships. a) the degree of nesting which refers to motors operating at the same time but at different levels in the organization. b) the timing of the motors which refers to whether two or more motors are operating at the same time or are alternating at different times. c) the degree motors complement or contradict each other. These three kinds of relationships are describing the relative balance between constructive and prescribed motors and therefore, the "...patterns of stability and change in an organization" that are the result of motors' relative balance (Van de Ven, 1988 p. 534). This area of discussion brings us to concepts involving systems theory. According to Van de Ven and Poole, as these different motors interplay, they set up either positive or negative feedback loops. Positive feedback loops are set up when constructive and prescribed motors "...reinforce[s] change and can produce exploding complexity" (Van de Ven, 1988 p. 535). Negative feedback loops are set up when constructive and prescribed motors counteract or cancel change effects, producing equilibrium. To further explain these concepts, when, for example, a prescribed motor (in either life-cycle and/or evolution theory) dominates an organization, it tends to restrict variation and repress internally generated variety. Whereas, when a constructive motor (either teleological and/or dialectic theories) dominates an organization, the organization may not be able to effectively control conflicting

subsystems and the result is the creation of too much variety and variation.

As Van de Ven and Poole explain it, "temporal shifts in the relative balance between positive and negative feedback loops in the operation of different change motors can push an organization a) to flow toward a fixed-point equilibrium, b) to oscillate in a periodic sequence between opposites, c) to bifurcate far from equilibrium and spontaneously create new structures, or d) to behave in a random fashion" (Van de Ven, 1988 p. 535).

Assumptions

1. Change is an empirical observation.

2. Change in an organization is viewed as being either predetermined or created.

3. Prescribed change is considered first-order change. It is not something novel or unexpected. It is change "...within an existing framework that produces variations on a theme" (Van de Ven, 1988 p. 522).

4. Constructive change is considered second-order change. It is novel and original. It is "...a break with the past basic assumptions or framework" (Van de Ven, 1988 p. 523).

5. Organizational change occurs at many different levels of the organization.

6. First-order change is more difficult to perceive since it is made up of an accumulation of small changes and there is "...sufficient continuity to anticipate and discern the direction of change".

7. Second-order change is more easily perceived since it is discontinuous with the past.

8. Positive and negative feedback loops that involve the interplay of "motors" either promote second order change, inhibit it, or balance forces to create a dynamic equilibrium.

Chin and Benne

Chin and Benne present three groups of strategies for effecting planned change in organizations (Benne & Chin, 1976a). While Van de Ven and Poole present an explanation of change, Chin and Benne's approach is to present essentially a broad strategy in which many specific approaches can be placed within the parameters of planned change. Chin and Benne assume that these change strategies apply to all sizes of groups undergoing planned change, that is, that the processes are similar regardless of size. Furthermore, the authors do not differentiate among different kinds of systems undergoing planned change.

Empirical-Rational Strategies

One group of strategies is termed **empirical-rational approach** for effecting change. This refers to the belief that people are guided by reason and that they use rational thought processes in their own best self interest to determine if behavioral change is warranted. Several assumptions underlie this approach. First, is that **people are rational.** Second, is that **people will follow their own rational self-interests** when it is shown to them. Third, it is expected that people will adopt a change that is shown to them if they perceive it is in their best self-interest **when it is rationally justified by the proposes.**

Empirical-Rational strategies, according to Chin and Benne , particularly appeal to Western thought and traditions. Science and basic research methods, a predisposition to accepting change as

normal, as well as general education, are cornerstones of Western society's attempt to understand, explain, and disseminate information about phenomena. Change takes place because we put knowledge acquired through scientific means into practice. In other words, Chin and Benne believe that we use our acquired knowledge in a logical way by taking actions that change how we do things, usually, we think, for the better, and, I would add, in individualistic terms. America, in particular, has developed means of taking basic research and converting the acquired knowledge, through applied technologies, whether to new forms of organization or consumer goods. Thus, the flow of research to application, and into individual use has been established so that knowledge, in general, is not only rapidly and easily disseminated throughout American society, but is a readily accepted process. In further relationship to business, Western culture's propensity for the scientific approach is demonstrated by line management's efforts to utilize people and technologies to gain the greatest efficiencies towards achieving organizational goals. Management, to accomplish this, employs experts using sociotechnical systems to analyze and develop the most efficient work systems.

However, problems may be experienced in getting new ideas across and implementing changes in organization in most need of them. According to Chin and Benne, institutions which utilize empirical-rational strategies take the view that change in adopting new approaches in systems, i.e. applying knowledge and implementing rationally based changes, is enhanced when the "right" person is placed into the "proper" position. To achieve this, their

approach is to rely on personnel selection techniques using various assessment tools.

Normative-Reeducative Strategies

A second group of strategies is termed by Chin and Benne as normative-reeducative. People are greatly influenced, both individually and socially, by cultural norms, that is, the values, attitudes, and beliefs that are accepted and communicated throughout their culture. Cultural norms are internalized and thereby have a powerful influence upon individual behavior. According to Chin and Benne, for change to occur at the personal level, the individual must alter his or her values, attitudes, beliefs, and habits. For changes to occur at the sociocultural level, alterations in cultural norms must take place. For changes to occur at the institutional level, roles and relationships must be altered. Assumptions that underlie this approach are different than the previous strategy and focus on human behavior and motivation. This group of strategies doesn't reject the rational approach, but rather emphasizes that human behavior is the result of commitment to societal and cultural norms. According to this approach, people will only change when "...their normative orientations to old patterns [are given up] and develop commitments to new ones" (French, Bell & Zawacki, 1994 p. 112). In other words, change occurs, when people change both their values, attitudes, and relationships in addition to changing their information, knowledge, and rational constructs.

Common elements involved in the normative-reeducative strategies emphasize that the client system must participate by being

fully involved in developing programs of change. Another element is that improved technology will not be solely the solution, but rather that problems involve the client's systems attitudes, values, and beliefs, as well as, their external and internal relationships. Alteration of these norms may be required as a means of finding solutions to its problems. Another common element to this set of strategies is that change requires a collaborative effort between the change agent and the client system (This is clearly based on consultant assisted change situations). Only in these ways can problems be identified and solutions be proposed and implemented.

"These approaches center in the notion that people technology is just as necessary as thing technology in working out desirable changes in human affairs" (French et al., 1994 p. 121). In other words, including human factors of emotions, values, and behaviors is as much a critical element as any other (including technological factors) in solving organizational problems and implementing change.

Several approaches to change fall into normative-reeducative strategies. These include the sociotechnical systems approach, mentioned earlier, that strongly emphasize that in order for change to take place, both the human as well as the technical issues involved must be equally considered. Another, is the approach that posits that the individual is the basic unit of the organization. Therefore, the individual must be freed from restraints that prevent him/her from utilizing natural intelligence and abilities, and conditions are developed that support individual's ability to solve problems and implement change. All of these approaches have in common an important element; this is the emphasis on experienced-based

learning as a requirement for creating enduring change. This concept comes from Lewin who saw the value of acquiring learning from taking action. In this way, he believed, theory could be developed to advance our understanding of human behavior in organizations.

Power-Coercive Strategies

The third group of strategies is termed power-coercive. This refers to the application of power by those who have it onto those people who have less of it. Compliance is due to legitimate or authoritative use of power or through coersion. Power-coercive strategies seek to collect political and economic power in support of whatever change those utilizing these strategies propose. Thus, those who have power have the "right" of law on their side and can impose sanctions on those who challenge their power. To accomplish change, those opposed must gain power by gaining support "legally" for their views. Several ways this can be accomplished include strategies of nonviolence, the use of political institutions to achieve change, and change through "recomposition and manipulation of power elites" (French et al., 1994 p. 42).

Nonviolent movements have brought moral values to change existing norms and the laws that support them. Dr. Martin Luther King in the United States and Mahatma Gandhi in India sought to change existing nationwide norms by gaining power for their movements through challenging non-violently the prevailing norms. By bringing the world's focus on what they believed to be repugnant moral values, they amassed tremendous support for change.

Political institutions are granted power through constitutional and legislative laws. Change can occur when a group gains sufficient support to change the laws, place their supporters in key position within the institution, or throw out those who currently fill those positions.

Assumptions

1. People are basically rational creatures and they can be manipulated through logical argument. This is an Empirical-Rational perspective.

2. Change is a normal occurrence in Western society.

3. Cultural norms have a profound impact upon people in social settings. This is a Normative-Reeducative perspective.

4. Individuals will change when they alter their values, attitudes, beliefs, and habits.

5. When we want to change how people do things we must consider the interplay of technology and human behavior.

6. The use of power and coercion can gain people's compliance. This is a Power-Coercive perspective.

Comparisons of the Work of Kanter et al., Van de Ven and Poole, and Chin and Benne

This section compares the work of the three researchers discussed so far in this paper. The comparisons are made on the bases of three questions:

1. "What is the change process?" This refers to the forces or mechanisms involved, how change takes place and what process or mechanism makes it happen.
2. "What is changed?" This refers to the actual tangible aspects of change, to what degree has it happened, and how those involved are aware of the extent to which the change is concrete and real.
3. "What are other distinguishing characteristics that change research addresses?" This question is used to explore further any other factors that might help in the comparison of the researchers' work.

1. "What is the change process?"

1. a Forces of Change

The forces that initiate change, are viewed similarly by Kanter et al. and Van de Ven and Poole. Kanter et al. refer to "triggers" in describing their three forces of change: environment, life-cycle, and political. Similarly, Van de Ven and Poole refer to "motors" in describing their four forces of change as life-cycle, teleological, evolutionary, and dialectic. They also separate these forces into two groups according to whether the forces are prescribed or constructive. Chin and Benne don't refer to forces that initiate change; however, I think we may logically infer that their strategies, 1) the use of reason, logical thought and self-interest, 2) appealing to human motivation, and 3) recognizing the need to comply with applied power, are actually forces for change. Therefore, the three research groups explain the forces for change in somewhat similar

ways. What they have in common is analyzing change in terms of the forces that drive it .

1. b How change takes place

Kanter et al. and Van de Ven and Poole describe some of the above forces in nearly identical ways. The life-cycle force for both research groups refers to forces on an organization as it ages and matures. However, Van de Ven and Poole take life-cycle theory further by positing that it is a prescribed mode because the characteristics of the emerging organization are predetermined, that is, built into its development. Kanter et al. cite Greiner's (Greiner, 1972) life-cycle as a typical example of an organization maturing, but they don't indicate the predetermined nature of the development process as do Van de Ven and Poole. For Kanter et al., life-cycle force drives microevolutionary change, that is ongoing change that takes place within the organization.

"Macroevolutionary" change describes change from the perspective of the whole organization as it relates to its environment, according to Kanter et al. Van de Ven and Poole use the term "evolutionary theory" to describe the same phenomenon. For both it is an historical perspective that usually includes whole industries. Since environmental forces play a key role in shaping the organization, according to this concept, natural selection is an important element that they discuss. Kanter et al. and Van de Ven and Poole describe a similar evolutionary theories. Kanter et al. go into considerable detail in discussing the forces of natural selection and in particular, that of the concept of "fit." "Fit" refers to how well

an organization fits into a particular environmental niche. The better the "fit" the better the chance for survival. Kanter et al. describe additional forces that play a part in an organization's chances for survival. These are "population ecology", "resource dependency", and "institutional theory". Population ecology is the basic biological view of evolution. This is essentially the same as Van de Ven and Poole's description of evolutionary theory: change takes place by the process of random mutation, environmental selection of forms most fit for survival, and retention of the patterns that are most successful.

Therefore, Kanter et al. and Van de Ven and Poole, have markedly similar perspectives in the areas of evolutionary theory and life-cycle theory. However, they don't agree as strongly in other areas. Kanter et al. discuss the role of politics in revolutionary change. Political actions can have powerful impacts on organizations to the extent that radical changes take place. Van de Ven and Poole don't discuss politics' role as a force in organizational change.

However, Chin and Benne refer to a "power-coercive" strategy that describes the use of power and coercive strategies in changing people and organizations. Kanter et al. would view this as "revolutionary change."

Van de Ven and Poole discuss two forces of change that the other research groups don't consider. Van de Ven and Poole discuss "dialectic" and "teleological" theory and their respective motors of change are confrontation and conflict for the former and purposeful enactment for the latter. I think that dialectic confrontation and conflict would fit well as a force of change in Chin and Benne's

"rational-empirical" and "power-coercive" strategies as well as in Kanter et al's "revolutionary theory." The reason for this is that the dialectic process is commonly associated with and applied to these situations. For example, Chin and Benne's "rational-empirical" strategy is based on assumptions that people are rational and logical. The dialectic process provides a format for presenting logical arguments. In addition, the dialectic process is also involved in the situation where a synthesis doesn't take place but where one side overpowers the other, a situation Chin and Benne describe as "power-coercive." This often occurs in business mergers where the financially and politically stronger partner takes over the other. Thus, dialectic theory has applications to the work of the other theorists in the areas associated with the creation of a new framework, or as Van de Ven and Poole would refer to it, "constructive mode of change" and Kanter et al. call "big-C" or transformational change. This type of change is constructive rather than prescribed in Van de Ven and Poole's terms.

2. "What is Changed?"

This refers to the actual tangible aspects of change, to what degree has it happened, and how those involved are aware of the extent to which the change is concrete and real.

Each of the three research groups have a somewhat different view of what is changed during organizational change. Kanter et al. view what is changed from the perspective of "character" which refers to "enduring patterns of behavior" of both the organization and the members in it (Kanter et al., 1992 p. 10). Van de Ven and

Poole state that what is changed is the "... form, quality, or state over time in an organizational entity" (Van de Ven, 1988 p. 512). Chin and Benne explain what is changed when they discuss "normative-reeducative" strategies, which are the orientations that are composed of values, attitudes, skills and important relationships common to the members of an organization. Whether the researchers term what changes, as character, form, quality, function, or normative orientations, all of these terms have in common the view of the fundamental nature of change in organizations and its members. Change, according to these researchers, does not involve superficial attributes.

Kanter et al. consider two degrees of change as do Van de Ven and Poole. Kanter et al. in describing change refer to it as "big-C" or transformational change, if it involves an entirely new state or, as Kuhn refers to it a "paradigm" change. They refer to the other type of change as "small-c, " or " transitional change," using Kuhn's terms. Van de Ven and Poole refer to change that takes place within the existing framework and that doesn't create a new framework, as "first-order change", (Kanter et al.'s' "small-c" change). When change breaks with the past and creates a new framework, Van de Ven and Poole refer to it as "second-order change" (Kanter et al'.s "big-C" change).

Kanter et al. believe that transformational change results from many "small-c" changes that accumulate over time. At some point, the accumulated change is perceived as something completely new and different than what preceded it. Van de Ven and Poole and Chin and Benne largely view change according to the results that take

place. They look at the type of strategy that is employed to achieve "modifications of patterns and institutions of practice" (Benne & Chin, 1976a p. 22). Individual habits, attitudes, beliefs, and values are altered when normative-reeducative strategies are employed. Van de Ven and Poole believe that transformational change occurs through goal oriented purposeful change (teleological) or confrontation and conflict (dialectic). Kanter et al. do state that radical change ("big C" change) can take place during revolutionary change.

However, Van de Ven and Poole's focus is somewhat different from Chin and Benne in the way their four change theories are viewed "...in terms of their action and process," not by the results of the change (Van de Ven & Poole, 1995 p. 524). Van de Ven and Poole look at the dimensions of the unit of change and mode of change as a means of distinguishing their four theories of change (as described on page 20-21). Chin and Benne focus on strategies and the processes of implementation that people use in association with those strategies in organizational change. Actions and processes of change are explained by Van de Ven and Poole as either prescribed or constructive, and by the organizational level that the actions and processes take place.

Also, these research groups differ according to how change is perceived. Kanter et al. view change as both a perceptual and an empirical phenomenon. They see it as an accumulation of small changes that build until there is a sudden perception that a qualitative shift has taken place. This means that the small changes that have taken place were not at a threshold level of perception,

and therefore, were not noticed. Kanter et al. also view change as empirical and measurable. However, Van de Ven and Poole only discuss change from an empirical perspective. Chin and Benne also view change as measurable and independent of the change strategy employed.

Kanter et el. are fundamentally different from the other two research groups in their belief that change, at least in part, is a matter of individual and sociocultural perception. By taking this position, Kanter et al. bring the question of "objective reality" versus "multiple reality" to the issue of organizational change.

3. "What are other distinguishing characteristics that change research addresses?"

Kanter et al. have a dynamic view of organizational systems. They describe organizations in terms of motion. Motion is ascribed to activity clusters. Activity clusters are in constant motion as projects and teams change their shape and form, as well as, their goals and processes.

Van de Ven and Poole discuss concepts that describe the interaction of "motors" in terms of systems theory. In particular, they describe how positive feedback loops involving "motors" add "exploding complexity" to change while negative feedback loops also involving "motors" restrain change or create equilibrium which balances the forces for change.

These two additional views, to a large extent, account for the complexity of organizational systems and the difficulty in implementing change in an entire enterprise. Chin and Benne's

strategy approach addresses these complex issues indirectly. According to Chin and Benne, we need first to alter human behavior and motivation in order to accomplish organizational change.

ROMANELLI AND TUSHMAN

Elaine Romanelli is an associate professor in management and strategy at the School of Business, Georgetown University. She received her Ph.D. Degree from the Graduate School of Business, Columbia University. Her current research interests include longitudinal studies of the contexts, processes, and consequences of the establishment of organizations in the motion picture and biotechnology industries.

Michael L. Tushman is the Philip Hettleman Professor of Management at the Graduate School of Business, Columbia University. He received his Ph.D. degree from the Sloan School of Management, Massachusetts Institute of Technology. His current research interests include the relationship between technological change, executive teams, and organizational evolution. They have co written several articles on an application of paleobiology theory to explain transformational change in organizations, which they call "Punctuated Equilibrium."

Description of Punctuated Equilibrium

Romanelli and Tushman (Romanelli & Tushman, 1994; Tushman & Romanelli, 1985), posit this theory which is based upon Stephen Jay Gould's scientific work (Gould, 1982; Gould, 1989).

Romanelli and Tushman write that organizational transformation takes place over essentially two periods: the first is the "convergent period" which consists of a long period of stasis and equilibrium. Small changes (first order change or small "c" change) may occur, but mechanisms within the organization maintain a stasis so that these small changes cannot transform the organization. The second period is the "period of reorientation," which is a much shorter period, characterized by rapid and pervasive discontinuous change. These researchers term this type of change "revolutionary".

Stasis and equilibrium are maintained during the convergent period because of three barriers to radical change in human systems: cognition, motivation, and obligation. Cognition, which refers to the mental framework or schemata that structure the way we think and perceive the world around us, hinders our abilities to break out of our patterned ways of thinking. Motivation keeps us tied to what is familiar and comfortable, partly because of the fear of venturing into the unknown. Obligation, is the network of interdependencies which locks us into resource relationships that maintain the structure of the organization.

In general, "revolutions" occur when the system needs to change because of pressures that disrupt it. Pressures that disrupt can refer to (1) "...internal changes [that] pull parts and action out of alignment with each other and environmental changes [that] threaten the system's ability to obtain resources" (Tushman & Romanelli, 1985 p. 21), and (2) environmental forces. Both of these forces impact the organization's strategic orientation and make that orientation inappropriate. Such forces as unforeseen maturation

in product life cycles, changes in the legal or social climate, or the invention of "substitute products and/or technologies" create revolutions (Tushman & Romanelli, 1985 p. 21). Gersick, another theorist who supports the punctuated equilibrium theory, refers to these pressures as energy for change with the actual trigger for change being a crisis (Gersick, 1991).

COMPARISONS OF ROMANELLI AND TUSHMAN'S WORK TO THE WORK OF KANTER ET AL., VAN DE VEN AND POOLE, AND CHIN AND BENNE

1. "What is the change process?"

Romanelli and Tushman posit a theory of revolutionary change. The concept, as well as the term, is similar to Kanter et al.'s revolutionary change, because both can be caused by political actions of top management and the results are sudden transformation. Romanelli and Tushman differ with Kanter et al's. and Van de Ven and Poole's evolutionary theories, which state that small changes accumulated over time and result in organizational transformation. Romanelli and Tushman state in describing punctuated equilibrium, that long periods of relative stability are "punctuated" by short periods of transformational change. Organizations have mechanisms of cognition, motivation, and obligation that prevent small changes from resulting in transformational change. Romanelli and Tushman believe that transformational change requires a "trigger" of sufficient strength to override these mechanisms. Powerful "triggers" include severe crisis in organizational performance, major environmental changes, and top management succession. In comparing Romanelli

and Tushman with Chin and Benne, Chin and Benne's empirical-rational strategy, could be a useful concept in Romanelli and Tushman's disruptive pressures because it provides a rational and logical basis on which to take action which can be explained rationally to those subject to the change. For example, as the organization experiences financial setbacks, new top management may be brought on board. These new leaders may initiate revolutionary change in their attempts to turn the company around. Van de Ven and Poole might consider this example of change as a combination of two motors, a dialectic one which promotes the need for new leadership and teleological motor that supports a strategic plan for accomplishing change.

2. "What is changed?"

Romanelli and Tushman describe "a network of fundamental, interdependent 'choices,' of the basic configuration into which a system's units are organized, and the activities that maintain both this configuration and the system's resource exchange with the environment" as the concept of deep structure (Tushman & Romanelli, 1985 p. 21). In other words, these are the fundamental elements of an organization and its relationship with its environment. In Romanelli and Tushman's transformation concepts, it is this deep structure that undergoes change. This idea of the fundamental nature of organizational change is similar to those of the other theorists discussed in this paper. Transformational change breaks the framework or schemata under which the organization has operated and existed. This is the same as Van de Ven and Poole's

"second-order" change or Kanter et al. "big-C" change. Chin and Benne's normative culture relates to Romanelli and Tushman's "deep structure," although the former's does not include consideration of the "resource exchange" with the environment.

3. "What are other distinguishing characteristics that change research addresses?"

Romanelli and Tushman's theory is distinct from other evolutionary theories because change occurs within a single entity. Other theorists posit that change occurs within a population and it is the population that is eventually changed.

LICHTENSTEIN

Benyamin M. Lichtenstein earned his Ph.D. degree in Organizational Studies at the Carroll School of Management at Boston College. His latest paper, explaining his theories, won Best Paper Award at the Best-Papers Session, Organizational Development and Change Division, at the Academy of Management Meeting, 1995. Lichtenstein proposes a theory of self-organization which derives from systems theory and systems theorists including Noble Prize winner Ilya Prigogine (Prigogine, 1980; Prigogine & Nicolis, 1977; Prigogine & Nicolis, 1989; Prigogine & Stengers, 1984) and Gemmill and Smith (Gemmill & Smith, 1985).

Description of the Three Stage Self-Organizing Model

Self-organization theory discusses organizations as integrative natural systems which utilize relatively large amounts of environmental resources and energy to self-organize their structural integrity (Lichtenstein, 1995). To further explain, a key concept of **self-organizing systems** is that they maintain themselves through a self-sustaining dynamic process. This is often referred to as a **"far-from-equilibrium state."** This means that systems "...are vigorously transforming energy in all its forms, and diffusing (dissipating) large quantities of spent resources (entropy) into their immediate environment" (Lichtenstein, 1995 p. 19-20). A concrete example of this phenomenon, provided by Lichtenstein, "...is a vortex in a river; while billions of water molecules flow through the area,

the vortex - a relatively stable macroscopic order - persists" (Lichtenstein, 1995 p. 20).

It is through this process, according to Lichtenstein, that dissapative structures, such as self-organizing systems, **self-generate order.** They accomplish this through actively exchanging energy with their environment and through internal feedback loops that generate non-linear amplification effects. This dynamic, open system process transforms resource flow into structural order. This process maintains organizational integrity in dynamic stability. The term **natural organization** is applied to systems that self-generate resources, rather than being directed externally.

Under normal circumstances, according to Lichtenstein, organizational resistance to change is maintained through the concept of "order parameter." "Order parameter" buffers and protects the organization from environmental intrusions and fluctuations in ongoing system activity. However, when a crisis occurs that the "order parameter" cannot dampen, transformation takes place, beginning with a period of unpredictability. The organizational system attempts to regain its dynamic stability through experimenting with new structures. A new structure is selected when it can "produce resources which reinforce itself..." (Lichtenstein, 1995 p. 21). In other words, the system generates a non-linear feedback loop. As discussed in my Qualification paper #1 (Rathmill, 1997), cause and effect in non-linear systems does not apply in a one-to-one relationship and further, a small change can cause a system-wide transformation through amplification as part of

a positive feedback loop. It is this amplification caused by positive feedback loops that begins the self reinforcement cycle.

According to Lichtenstein, there are three stages to self-organization transformation. First, an organization must accomplish two critical tasks simultaneously; it must produce the work it is accountable for, and regulate or sustain itself. This activity is called the dynamic consonance stage. Second, a trigger, as explained earlier, initiates fluctuations that go beyond the "order parameter's" ability to control it. A bifurcation or split from the established structure ensues and increases due to amplification effects of positive feedback loops. The third and final stage is where the organization experiments with new structural configurations in order to resolve the instability. The organization "...rapidly sort[s] for one [configuration] which successfully generates a new resonance in the organization/environment" (Lichtenstein, 1995 p. 24). This is called the transformation stage. The result of these self-organizing stages, according to Lichtenstein, is to create an organizational structure that utilizes resources most effectively. These three stages exist as an ongoing cycle of organizational change. "The normal evolution of organizations proceeds from transformation to transformation" (Leifer, 1989 p. 912).

COMPARISONS TO THE WORK OF KANTER ET AL., VAN DE VEN AND POOLE, CHIN AND BENNE, ROMANELLI AND TUSHMAN

1. "What is the change process?"

Lichtenstein's self-organization theory is not based upon biological analogies as is the punctuated equilibrium of Romanelli

and Tushman, evolutionary theory of Van de Ven and Poole, or Kanter et al. It is based upon systems theory and quantum mechanics. The following comparisons can be made.

Biological Analogies

First, there are differences among the theorists who use biological analogies. Romanelli and Tushman write that transformation occurs in alternating periods of convergence and reorientation in punctuated equilibrium theory. Kanter et al. state that in their evolutionary theory change is gradual and accumulates over time before it becomes transformational or "big-C" change. Van de Ven and Poole's evolutionary theory coincide with Kanter et al.'s. However, Kanter et al. do say that rapid change (revolutionary change) can take place because of political decisions.
Neither Liechtenstein nor Chin and Benne use a biological analogy.

Change Mechanisms: Stages and triggers

Lichtenstein and Van de Ven and Poole view the complexities involved in organizational dynamics and change from the similar perspective of systems theory. Lichtenstein writes that under systems theory, organizations can be seen as self-generating their own order through the use of resources and energy. Continuous renewal of components maintains a dynamic stability. Transformational change, according to Lichtenstein, occurs when energy flux exceeds dampening mechanisms. There are three self-organizing stages of change, according to Lichtenstein: dynamic consonance, bifurcation, and transformation. Van de Ven and Poole similarly state that it is the relative balance between constructive

and prescribed motors that create the patterns of stability and change in organizations. Both of these theorists stress the impact of positive and negative feedback loops on organizational systems. This impact can amplify change, constrain it, or balance the forces to create an equilibrium.

Other theorists posit that change mechanisms are based on either an evolutionary theory of slow accumulation of small changes as the case of Kanter et al., (except for revolutionary change) or an evolutionary theory of alternating long periods of equilibrium and sudden change over a relatively brief period of time as in the case of Romanelli and Tushman. Chin and Benne view mechanisms from a rational, behavioral perspective.

These theorists provide explanations as to what mechanisms exist that normally prevent change from taking place. Lichtenstein writes that in every system there exists order parameters that dampen the effects of positive and negative feedback loops and external intrusions. Only when the order parameter is overwhelmed by a crisis, does transformation process take place. Romanelli and Tushman state that three buffers exist that resist change: cognition, motivation, and obligation. Chin and Benne see resistance in the form of people unwilling to give up their old attitudes, beliefs, and values. Resistance is lowered when people can open themselves to learn from their ongoing experiences. Kanter et al. posit "The implementation of dominant strategic direction involves a complex structure of formal and informal contracts which act to perpetuate the strategy" (Kanter et al., 1992 p. 50). In other words, resistance to change comes from people who maintain their own interest, goals,

and group memberships. Van de Ven and Poole don't discuss resistance to change.

A significant difference between Romanelli and Tushman's and Van de Ven and Poole's, and Kanter et al.'s evolutionary theories is that in punctuated equilibrium, change takes place within a single entity not in a population of entities. This means that the individual organization undergoes transformation. According to Lichtenstein (Lichtenstein, 1995), this is questionable since evolutionary theories, as Kanter et al.'s and Van de Ven, requires variation, selection, and retention in a population for the process to operate. According to Lichtenstein, Romanelli and Tushman provide no explanation for variation to occur and no selection process is defined. In addition, there is no mechanism defined to enable selection of one from among a number of variations.

In punctuated equilibrium theory, second order change is not a matter of an accumulation of small changes that eventually overpower the forces of inertia as it is in Van de Ven and Poole and Kanter et al. Instead according to Gersick, in punctuated equilibrium, small changes are linked together, they are not independent. "According to punctuational paradigms when basic premises change, all the premises contingent on them are affected" (Gersick, 1991 p. 21). Since small changes are linked to each other, a few of them can have a profound impact on the entire organization. Although, neither Gersick nor Romanelli and Tushman mention a similarity of this linkage concept to systems theory, it appears that there is a connection since the linking of small changes seems to cause an amplification of change effects that takes place in systems theory.

2. "What is changed?"

Transformation impacts the organization's dual integrative processes that include a) interactions with the environment and processes used to produce its products or services, and b) activities that maintain and support the organization. This is similar to Romanelli and Tushman's deep structure, Kanter et al.'s "character, Van de Ven and Poole's "... form, quality, or state over time in an organizational entity", and Chin and Benne's "values, attitudes, skills and important relationships or normative culture." What all of these researchers have in common is the concept that what is changed are the basic, fundamental aspects of the organization that defines itself and gives it its identity.

3. "What are other distinguishing characteristics that change research addresses?"

As briefly referred to above, Connie Gersick, is another proponent of punctuated equilibrium. Her research has been on organizational change at the project group level (Gersick, 1991; Gersick, 1988). She found that project groups with life spans of as little as an hour to as much as several months, all initiated major transitions in their operations "precisely halfway between their start-ups and expected deadlines" (Gersick, 1991 p. 24). Triggers for these transitions came from participants who perceive the midpoint in time as a signal to get moving before time ran out. In other words, according to Gersick, it is the perception of time, not an event, that causes the start of significant change in punctuated equilibrium theory.

KURT LEWIN

Kurt Lewin was a most influential social psychologist who developed numerous theories involving human behavior in social situations.

Lewin's Three Phase Model of Change

Lewin theorized that organizational change occurred in three phases. The first phase is termed "unfreezing" the organization. This means that the organization's current level of behavior needs to be disturbed to the extent that it would be open to change. To accomplish this, Lewin stated that to the organization needed to be given new or disconforming data that challenged existing beliefs and attitudes. This, according to Lewin, could be accomplished through feedback of survey results to organizational participants. The second phase, termed "movement", involves taking actions that change the social system from its current level of behavior, to a new level. This generally refers to actions that come under organization development interventions and might include team development and organizational restructuring (Burke, 1992). The final phase, termed "refreezing", involves putting in place processes that maintain the new level of behavior keeping it "relatively secure against change" (Burke, 1992 p. 56). Processes that can maintain the new behaviors include change to a participative form of management and encouraging cooperation and collaboration while discouraging competition.

Schein's Elaboration of Lewin's Model

Edgar Schein, a social psychologist from Harvard University, helps clarify Lewin's three phase model. Schein states that there are three ways of "unfreezing" an organization. First, it is necessary for organizational members to recognize their dissatisfaction with the way things currently are, and feel a need to see a change. Second, they need to compare their current situation with a future goal and see that it is worthwhile going after. When people see this gap between what is and what could be, they become motivated by guilt or anxiety, according to Schein, to close the gap.The final action necessary to "unfreeze" an organization is to create psychological safety for organizational members in making these changes. They must feel that they will not be punished or humiliated for admitting their contributions to what is wrong in the organization (Burke, 1992).

Schein also elaborates on Lewin's second or "movement" phase. For people actually to change their behavior, Schein states that they must accomplish "cognitive restructuring." In other words, people must both see things differently than they did before, and act differently in the future. Schein states that this could be accomplished in two ways. One, is to identify with a new role model and thereby see things from a different perspective.
The other, is to examine new and relevant information through scanning the environment. This might entail looking at other models of organizational and personal behavior.

According to Schein, the third or "refreezing" phase involves integrating the changes. He states that this phase requires two steps.

First, the individual needs to make the new way of doing things fit comfortably into his or her total self-concept. Second, this phase requires relational refreezing. This involves open examination of the new behaviors' impact upon relationships with others in the organization.

COMPARISONS TO THE WORK OF KANTER ET AL., VAN DE VEN AND POOLE, CHIN AND BENNE, ROMANELLI AND TUSHMAN, AND LICHTENSTEIN

1. "What is the change process?"

Lewin's work, even with Schein's elaboration, is primarily a model of how to implement change in organizations. However, this model does imply that a crisis, or at least a perception of a crisis, is necessary to "unfreeze" the organization. All of the other theories and models of change discussed in this paper posit some kind of crisis to act as a trigger for change in organizations. Lewin's model is most criticized for its apparent lack of dynamic forces in explaining change. Unlike Lichtenstein, Lewin's model seems to lack dynamic motion. Even the term "refreezing" runs against current perceptions of organizational dynamics being a battle of forces. In addition, today's businesses are in a constant state of change and further, the rate of change in today's markets and technologies does not allow time for "refreezing." "The cycles tumble on so fast that whatever is refrozen lasts only weeks or months instead of years" (Weisbord, 1987 p. 94). Lewin's model, with Schein's elaboration, is most similar to Chin and Benne's because it explains change from the perspective

of human needs and behaviors. It focuses on what needs to be done in getting the cooperation of employees to act on required changes. For example, to "unfreeze" the organization employees must perceive a need for change, be motivated by guilt and anxiety to act on closing the gap between the current behavior and the desired future behavior, and require psychological safety to change their behavior. In addition, employees need to feel comfortable with the changes so as to integrate them as part of the "refreezing" phase.

2. "What is changed?"

It is the behavior of organizational members that is changed, according to Lewin. This is most similar to Chin and Benne in their discussions of Normative-Reeducative concepts. However, Lewin does not indicate the depth of the behavior change as being at the level of attitudes, beliefs, and norms as do the other theorists.

3. "What are other distinguishing characteristics that change research addresses?"

Kanter et al. wrote in reference to Lewin's three phase change model, "This quaintly linear and static conception -- the organization as ice cube -- is so wildly inappropriate that it is difficult to see why it has not only survived but prospered..." (Kanter et al., 1992 p. 10). Kanter et al. continue their criticism by stating that Lewin's model provides managers with a straightforward way of planning their actions to accomplish organizational change. It simplifies "...an extraordinarily complex process into a child's formula" (Kanter et al., 1992 p. 10).

RICHARD BECKHARD, WENDY PRITCHARD, RUBEN T. HARRIS

Richard Beckhard was a professor of organization behavior and management at the Sloan School, Massachusetts Institute of Technology from 1963 to 1984. He is one of the founders of the field of organization development. Wendy Pritchard is an occupational psychologist. She has twenty years of experience in the field of organizational effectiveness and the management of complex change.

Fundamental Change in Complex Organizations

Beckhard, Pritchard, and Ruben T. Harris, in several works, present a model not a theory of organizational change (Beckhard & Harris, 1987; Beckhard & Pritchard, 1992). This model is included here because of its elaborate nature and its ability to describe and explain organizational change. As such, it provides the reader with similar value as do theories. This model explain how organizational change can be managed. It describes the entire process, including actions management must take in order to accomplish fundamental change. They distinguish between incremental and fundamental change. According to Beckhard et al., attempting incremental change requires a linear approach, which takes actions in sequential order. Accomplishing fundamental change, on the other hand, requires simultaneous consideration of the organization, all of its components, and the relationships among all of the organization's pieces. According to Beckhard et al., fundamental change involves change in the very "essence" of the organization. More specifically, it involves change in the organizations' "...memories, maps, norms, and values"

(Beckhard & Pritchard, 1992 p. 16). It also involves its members' attitudes and behaviors. Change of this magnitude is really a constellation of changes "...that are both descrete and interdependent and that must be managed simultaneously" (Beckhard & Pritchard, 1992 p. 8). The model that Beckhard et al., describe is for large-system change in complex organizations. Large-systems usually refers to either the entire organization or a significant component of it.

Beckhard et al. emphasize that change primarily is forced upon organizations because of increasing environmental pressures. These outside influences include: increasing governmental regulations, increasing demands by citizen groups, increasing legislated legal requirements, increasing pressure from consumer and environmentalist groups concerning social issues, and increasing constraints resulting from interdependency with various institutions.

Beckhard et al's. model involves management in first defining the present and future state including the reason for change and what the desired new state will be. Second, it involves consideration of the transition state. This state refers to the period between the old way things were done and the way it will be done after the change has been successfully completed. This is a period of confusion relating to roles, responsibilities, and authority. Issues that need to be considered, according to Beckhard et al., during the transition state include determining the extent to which there is choice about whether to change, determining what needs to be

changed, determining where the intervention should be focused, and choosing what intervention technologies should be utilized.

Third, according to Beckhard et al. their model involves developing plans for **managing the transition state.** This involves determining management mechanisms and considering whether the normal structure or a separate, parallel one should manage the change effort. According to Beckhard et al., an essential component of managing the transition state is development of a road map or process plan for the change. Their process plan is composed of seven parts: (1) it is purposeful with activities clearly linked to goals and priorities, (2) it is task specific with activities well defined, (3) it is integrated with links among activities clearly made, (4) it is time sequenced, (5) it is adaptable to take into account unexpected events and circumstances, (6) it has the full active support and participation of top management, and (7) it is cost effective in terms of investment of people and time spent (Beckhard & Harris, 1987).

Fourth, according to Beckhard et al., the model involves developing mechanisms for **monitoring and evaluating the change effort.** Issues that need to be considered include: (1) clearly defining the purpose and function of evaluation, (2) determining the types of information needed by management and the appropriate sources of information, (3) choosing data collection methods appropriate for the scale of evaluation in regards to time, and effort, and (4) determining the timing of the data gathering and review by management (Beckhard & Harris, 1987).

Fifth, Beckhard et al. state the importance of selecting the appropriate intervention technologies as dependent upon the change issues in the organization. For example, when change issues are induced by environmental factors, Beckhard et al. recommend approaching organizational change from an open systems perspective. Their definition and approach to open systems is based on the work of Eric Trist and Fred Emery. According to Beckhard et al., organizations exist in an environment, the boundary around them is permeable, and the organization is able to interact with its environment. Under open system concepts, planning change strategy requires: (1) mapping environmental demands, (2) clearly seeing present and desired organizational responses to these demands, (3) prioritizing activities that respond to these demands, and (4) systemizing assessment of the impact of these demands over time on organizational objectives (Beckhard & Harris, 1987).

In their later research, Beckhard and Pritchard update the change model discussed above to include: (1) emphasizing the importance of the role of organizational leader and (2) the importance in fundamental change strategy to deliberately move toward implement "...a learning mode, where both learning and doing are equally valued" (Beckhard & Pritchard, 1992 p. 4). As part of their role, leaders must show their commitment to the change through their investment of time and careful examination of their behavior to insure that it fits the strategic plans.

Beckhard and Pritchard posit that leaders are the only ones who can create the vision for the organization. A vision is a dynamic

picture of the organization in the future as seen by its leadership. Furthermore, it is a statement of commitment and priorities by organizational leaders to realize it. Leaders are responsible for creating and developing the vision, gaining commitment for it, ensuring the communication of the vision to all parts of the organization, diagnosing the organization's current state and identifying areas needing change, and overseeing the management of the entire change process. Beckhard and Pritchard further posit that there are five themes to focus on in fundamental change: (1) change in the mission or "reason to be," (2) change in the identity or external image, (3) change in relationships to key stakeholders, (4) change in the way work is done, and (5) change in the organization's culture (Beckhard & Pritchard, 1992). All of these themes are involved in any fundamental change. Organizational leaders must be aware of these themes and consider them when taking on change.

A major component of Beckhard and Pritchard's thinking on fundamental change is the need for organizations to switch to a learning oriented mode rather than a results oriented mode. While organizations make fundamental changes, they must, at the same time, learn as they are doing it. However, it is up to the leaders of organizations to understand the value of moving to a learning organization, and it is only they who can make it happen.

COMPARISONS TO THE WORK OF KANTER ET AL., VAN DE VEN AND POOLE, CHIN AND BENNE, ROMANELLI AND TUSHMAN, AND LICHTENSTEIN, AND LEWIN

1. "What is the change process?"

Beckhard et al. posit that forces for change primarily originate outside of the organization. These forces originate from various citizen lobbies, government rules and regulations, laws, and other factors that increasingly put pressure on organizations and require them to make fundamental changes. This is a limited view in that it does not explain any of the other mechanisms that cause change to happen, however, Beckhard et al. are not creating theory but a model for planning and implementing organizational change.

2. "What is changed?"

Beckhard et al. describe fundamental change in a similar manner as the other theorists discussed in this paper. Beckhard and Pritchard describe fundamental change as changing the "essence" of an organization. Their definition is the same or similar to what is changed in Kanter et al's. "big-C" change, Van de Ven and Poole's second order change and Romanelli and Tushman's deep structure. Beckhard et al. also differentiate between incremental or linear change from fundamental change. It can be inferred that linear change is "small-c" change or first order change and does not transform the organization. Incremental change only helps it get better at what it is currently doing, according to Lichtenstein.

3. "What are other distinguishing characteristics that change research addresses?"

Beckhard and Pritchard emphasize to a greater extent than the other researchers the role of organizational leaders in impacting change. They state the importance of the leader's vision in guiding the organization by determining what needs to be changed rather than first examining symptoms and then determining changes that need to be made. This is a significantly more proactive approach to organizational change since it does not wait for problems first to occur.

SUMMARY

At the beginning of this paper, I made the statement that organizational change is a complex subject. After studying the seven theories and models described in this paper and additional ones not presented here, my perception of organizational change has been reinforced and illuminated. I use the word "perception" purposefully. These and other theories show there are different ways of "seeing" what organizational change is and how one sees it may determines how one deals with it. Since there are apparently many ways of "seeing" change, it is important for me to understand where managers are coming from - what their own perception of reality is. Through this understanding, I can better help them see their situation and thereby better assist them in their change efforts.

Additional important learnings include:

1) Organizational change is a complex subject.

From studying the theories discussed in this paper, it is evident that organizational change is a complex subject. Indications of its complexity is shown by the diverse backgrounds from which the theories and models were developed, which include paleobiology, systems theory, evolution, human motivation, speech communication, and ancient societal organizations; by the large scope of change events included in their explanations; and the actual dynamic processes that take place within organizational systems.

2) Is it possible to deliberately plan and implement organizational change?

"Change is extraordinarily difficult, and the fact that it occurs successfully at all is something of a miracle" (Kanter et al., 1992 p. 370). One reason for this difficulty is the attempt to picture change as a discrete process with specific steps to take that will lead the organization to a successful endstate. The theories described in this paper show that this is not the case. Change involves dynamic processes that are not fully understood. This is evidenced by the number of theories being explored.

3) Theories provide a schemata of change that can be used for analysis

The theories discussed in this paper provide a way of thinking about organizational change. Since they are theories, they help us organize our thoughts about the subject and enable us to make some assumptions and predictions about what has happened and what will happen. Given the schemata, we can then analyze the situation, and thereby, one would hope, gain a better understanding of what is going on and what we can do to make the situation better.

4) Which theoretical approach to planned change should be used?

"Our company is in need of a profound transformation. We've read all the books. We know all the concepts and theories: transition management, frame-breaking, paradigms, empowerment, culture change, and so on. But we don't know how to implement the transformation. We don't even know how to make the theories operational -Manager in a leading *Fortune 100* company" (Kanter et al., 1992 p. 369).

From a practical standpoint, it doesn't seem to matter which approach is used in planning of organizational change, since all of these approaches give us the opportunity to analyze closely and reflect on the situation rather than react in a knee jerk fashion to events.

5) Importance for change agents of understanding planned change

The understanding achieved from the study of planned organizational change is important for those internal to the organization such as change managers and important for outside consultants by providing a framework from which to make plans and take action. Additionally, the importance of understanding is to increase the knowledge, on the part of the entire organizational community, about the complexity and the resulting difficulty in attempting to implement planned change. A deep knowledge of implementation requirements is necessary so that change strategists, change implementors, and change recipients all understand the scope of the challenges they face. From this understanding the

organization can approach planned change with the best possible chances of succeeding.

Chapter Three will provide a review of the literature on theories of leadership. Thus, when analyzing the data of this study, these two Chapters will form the reference points for examining leaders in the context of transformational change.

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CHAPTER THREE: LITERATURE REVIEW ON THE THEORIES OF LEADERSHIP AND ORGANIZATIONS

INTRODUCTION

A great many articles and books discussing leadership have been written and many theories on the nature of leadership from various perspectives have been promulgated. In addition, the popular press has featured well known leaders of corporations, including Mary Kay Ash (Mary Kay Cosmetics), Larry Ellison (Oracle), Bill Gates (Microsoft), Lee Iacocca (Ford, Chrysler), Steven Jobs (Apple), Roger Milliken (Milliken), Anita Roddick (The Body Shop), Howard Schultz (Starbucks), Ted Turner (CNN, Atlanta Braves), and Jack Walsh (General Electric), to the extent that they have taken on a hero status in our culture. Similarly, much has been written about organizational change, particularly reengineering, downsizing, and the need for companies to be adaptable and flexible while "thriving on chaos" (Peters, 1987). Some of these authors include Tom Peters, Michael Hammer, Alvin Toffler, Warren Bennis, and John Whiteside. To a lesser extent, writings have emerged, often by leaders themselves explaining how leadership has turned organizations around. These leader/authors include David Kearns, Ray Stata, Bill Gates, Lee Iacocca, and Jim McLamere. This chapter examines the professional literature on leadership and its links with planned organizational change.

Many researchers and theorists contend that the role of organizational leader is of paramount importance in successful

business. A representative sample of authors include Bechard and Pritchard, Bennis, Block, Covey, Katz and Kahn, Peters and Waterman, Tichy, and Weisbord. Others have discussed the importance of leadership in organizations' attempts at navigating change including , Argyris, Bennis and Nanus, Chawla and Renesch, Hurst, Moss Kanter, Schein, and Senge. Leadership seems to be the one crucial factor in the need to plan why, when, and how organizational change should occur. Leadership has this critical role because of its position power and its focal point for potentially "rallying the troops."

To understanding the significance of the leaders' role in planned organizational change, this chapter will describe the literature focusing on what leadership is, how to evaluate its success, and the nature of the leader's role. A review of the literature on concepts of leadership from the perspective of leadership theorists and researchers will also be included.

NATURE OF LEADERSHIP

Definition

To examine and then describe leadership, we must first define it. Stogdill reviewed the leadership literature and concluded that "there are almost as many definitions of leadership as there are persons who have attempted to define the concept" (Stogdill, 1974 p. 259). This is partly due to researchers' preferences to investigate what they find most interesting about leadership. Therefore, leadership has been defined in terms of influence, personal traits, behavior, charisma, management styles, and others aspects. Representative definitions of leadership over the years include:

> Leadership is "the behavior of an individual when he is directing the activities of a group toward a shared goal" (Hemphill & Coons, 1957a p. 7).
>
> Leadership is "interpersonal influence, exercised in a situation, and directed, through the communication process, toward the attainment of a specified goal or goals" (Tannenbaum, Weschler & Massarik, 1961 p. 24).
>
> Leadership is "the initiation and maintenance of structure in expectation and interaction", (Stogdill, 1974 p. 411).
>
> Leadership is "the influential increment over and above mechanical compliance with the routine directives of the organization" (Katz & Kahn, 1978 p. 528).
>
> Leadership is "the process of influencing the activities of an organized group toward goal achievement" (Rauch & Behling, 1984 p. 46).
>
> Leadership is a process of giving purpose (meaningful direction) to a collective effort, and causing willing effort to be expended to achieve purpose (Jacobs & Jaques, 1990).
>
> Leaders are those who consistently make effective contributions to social order, and who are expected and perceived to do so (Hosking, 1988).

The above definitions represent the diverse thinking on the nature of leadership. The little that they have in common centers on a social influence exerted intentionally by an individual over others to structure activities of groups or organizations (Yukl, 1994).

Major Issues

The following discussion examines the major issues in the literature of the nature of leadership, in order to help review the

various ways leadership is perceived. These issues are listed below, so that, they can be later considered as we examine the literature on various leadership theories.

One issue questions whether leadership is a result of role specialization or social influence. Role specialization views leadership as one role that occurs naturally in any organization, just as certain members are "destined" to play the role of follower (Bouchard, Lykken, McGue, Segal & Tellegen, 1990; McClelland, 1961; Stogdill, 1974; Yukl, 1994). The person who becomes the leader does so because of certain properties that make him or her suited to be a leader.

Social influence views leadership as a process that naturally occurs in social systems and in which a number of members can play leadership roles (Senge, 1990a; Yukl, 1994). In this view leadership and followership are interchangeable depending upon conditions existing at any particular time within the organization.

A second issue, concerns leaders' influence on members of the organization. It questions which attempts at influence by leaders are part of leadership. Is it only behavior related to task objectives or group maintenance, or does influence cover all behavior including those extraneous or detrimental to the organization? This issue questions the motives of leaders' use of influence; are they for the greater good or for selfish reasons?

The third issue, examines the difference between leadership and management. Theorists seem to agree that management and leadership are different, but to what extent do they differ, or are they mutually exclusive? The difference between managers and

leaders according to some researchers is that mangers are oriented toward stability and leaders are oriented toward innovation. In other words, these researchers believe that managers seek to maintain the functioning of the organization while leaders seek growth and renewal for the organization. Bennis and Nanus stated that "managers are people who do things right and leaders are people who do the right thing" (Bennis & Nanus, 1985 p. 21). Other theorists perceive leadership and management in a different way (Hickman, 1990; Kotter, 1988). They view leadership and management as distinct processes that can be performed by the same individual. They do not view leaders and managers as different types of people. Kotter views management as processes consisting of planning and budgeting, organizing and staffing, and controlling and problem solving; whereas, he sees leadership comprising of processes including establishing direction, aligning people, motivating and inspiring them (Kotter, 1990).

Karmel points out that, "It is consequently very difficult to settle on a single definition of leadership that is general enough to accommodate these many meanings and specific enough to serve as an operationalization of the variable" (Karmel, 1978). The definition of leadership chosen for this dissertation is a broad one of Yukl's which is all inclusive:

> Leadership is defined broadly as influence processes affecting the interpretation of events for followers, the choice of objectives for the group or organization, the organization of work activities to accomplish the objectives, the motivation of followers to achieve the objectives, the maintenance of cooperative relationships and teamwork, and the enlistment of support and

> cooperation from people outside the group or organization (Yukl, 1994 p. 5).

LEADERSHIP EFFECTIVENESS

It is important to review briefly literature on the effectiveness of organizational leaders for several reasons. The position of leader is, perhaps, the most visible in an organization. Rightfully or not, the leader is held ultimately accountable for the success of the organization. The effectiveness of the leader is often measured by the success of the organization. The managers and leaders interviewed for this dissertation, likewise, may measure themselves or their leader by how they each perceive success of the change effort.

The effectiveness of the leader may be perceived in other ways. "The most commonly used measure of leader effectiveness is the extent to which the leader's organizational unit performs its task successfully and attains its goals" (Yukl, 1994 p. 5). This often means, the extent to which the projected revenues, profit margins, market share, and return on investment been realized. These goals are often considered objective measures of performance by Fortune, Baron's, The Wall Street Journal, and other publications.

Leaders may be perceived as effective in other ways. One way is the attitudes of organizational members toward the leader. These attitudes include followers perceiving the leader as meeting their needs and expectations, admiration for the leader, and the strength of commitment in following the leader. For example, when attitudes are poor, employees may have high absenteeism, make more

grievances, seek out other companies, use sabotage, and other devious mechanisms (Bass, 1985; Bass & Avolio, 1990a; Burns, 1978; Heller & Yukl, 1969; Tannenbaum & Schmidt, 1958; Vroom & Yetton, 1973).

Another way leaders may be perceived as effective are the contributions they make to member cohesiveness and group process. Do members perceive the leader as helping them to work together, solve problems, make decisions, or reduce conflict (Katz & Kahn, 1952; Katz, Maccoby, Gurin & Floor, 1951)?

The difficulty in determining the leader's effectiveness may relate to which measure is seen as being the most relevant. This is dependent upon who is viewing the leader.

Another problem with examining leader's effectiveness, is that oftentimes, it is difficult to determine the effects of a leader's decisions and actions. Leaders take numerous actions. Some of these directly and immediately impact the organization, while others may indirectly impact the organization in the long term (Lord & Maher, 1991). Examples of direct effects on organizational success include, sales training, introduction of incentive programs, restructuring how work is done, and providing needed resources. The effects of these actions are felt immediately. Examples of indirect effects that impact organizational success include implementing total quality management, changing market strategy, focusing on team work and cooperation, and establishing new information systems. These actions take longer for their effects to become evident (Senge, 1990a; Senge, 1990b).

Researchers have also studied a leader's actions in terms of both short term and long term effects, and these effects may be strikingly different (Kanter, Stein & Jick, 1992; Senge, 1990b). For example, short term profits may be realized through cost savings measures such as cutting research and development, laying off workers, and decreasing advertising. However, these cost cutting measures may result in disastrous long term results including the inability to maintain product superiority, maintain or gain in market share, or retain highly qualified workers.

To summarize, a survey of the literature concerning leader effectiveness describes the variables that must be considered in determining leader effectiveness

LEADERSHIP THEORIES AND MODELS

Introduction

The following review of theoretical literature on leadership demonstrates the variety of ways leadership is perceived. This review divides the literature on leadership into four primary categories of research: (1) situational leadership, (2) leadership behavior, (3) leadership traits and skills, and (4) power and influence in leaders. Other literature on the aspects of leadership that do not fall within the above categories, will also be described, including charismatic, participative, and transformational leadership.

Some of the research findings in this review of literature on leadership may seem obvious and trivial. This may seem particularly so when reviewing the early research of the 1950s and 1960s. However, we need to take note of the context in which these

researchers were working. Little research on this subject has taken place prior to the 1950s and little was known about management and leadership except for the work of Frederick Winslow Taylor who wrote the Principles of Scientific Management (Taylor, 1947). In his theory of scientific management, Taylor states his belief that workers need to be controlled in all aspects of the work environment. Taylor believes that workers needed to be told exactly "what to do, how to do it, and when it must be done" (Weisbord, 1987). He has little faith in either workers' intelligence or reasoning ability. Taylor's concepts have had a profound impact on management of that day. It is in this context of near absolute management control over unintelligent workers that the early research was undertaken. For this reason, early researchers in the 1950s were actually conducting ground-breaking work in viewing leadership as a reciprocal process with followers.

(1) Situational and Contingency Theories of Leadership

Situational leadership refers to determining how the effects of leader's actions vary depending upon particular situations. In other words, according to some researchers, we need to pay attention to the specific situation that a leader is in to determine whether or not his/her traits or behaviors will be effective (Fiedler, 1967; Fiedler, 1964). Since this approach suggests that certain aspects of the situation enhance or nullify the effects of a leader's traits or behavior, these theories are often termed "contingency theories" Factors that make traits or behaviors more or less effective are called "situational moderator variables" (Yukl, 1994).

(a) Path-Goal Theory

A situational or contingency theory is "Path-Goal" theory. Its premise is that a leader is effective when he or she takes actions that result in subordinates being satisfied with their work situation and motivated to work hard. To accomplish this, leaders take actions that (1) provide rewards for successful completion of goals, and (2) clear the path of roadblocks and pitfalls for employees and (3) are explicit about what is expected in the way of performance (House, 1971). House and Dessler state that "... leader behavior will be viewed as acceptable to subordinates to the extent that the subordinates see such behavior as either an immediate source of satisfaction or as instrumental to future satisfaction" (House & Dessler, 1974 p. 13). These researchers point out that employee satisfaction can not be equated with the effort subordinates put into their work.

According to Path-Goal theory, in order to understand how leader behavior or actions affect subordinate satisfaction and effort, we must look at its intervening variables. These variables come from a motivation theory called "Expectancy" theory (Vroom, 1964). Briefly stated, employee work motivation is determined by a rational choice process whereby the employee decides how much effort to expend according to the likelihood of success and the value of expected rewards or outcomes, while, at the same time, avoiding undesirable outcomes. The primary impact of the leader is in modifying these perceptions and beliefs.

The challenge for leaders according to Path-Goal theorists, is determining what are the roadblocks and pitfalls that can block

employee motivation and satisfaction, since they differ depending upon the situation, the characteristics of the employees, and what rewards are meaningful to each. (Evans, 1974; Fulk & Wendler, 1982; House & Dessler, 1974). Depending upon the above variables, leaders would need to exhibit certain kinds of behaviors. Mitchell describes four behaviors for leaders: (1) supportive, where the leader considers the needs of the subordinate and concern for his/her welfare, (2) directive, where the leader makes clear what is expected of subordinates and provides them with guidance, (3) participative, where the leader asks for and takes into account subordinates opinions, and (4) achievement-oriented, where the leader sets challenging goals and asks for higher performance (Mitchell, 1974).

(b) Leadership Substitutes Theory

Kerr and Jermier propose that in certain situations, leadership was superfluous or even unnecessary or redundant (Kerr & Jermier, 1978). Their theory argue that some situations act as substitutes or neutralizers for a leader. Situations that act as neutralizers nullifying the effects of a leader's behavior include, for example, not having the authority to reward employees. Substitutes for leadership are those situations which make a leader unnecessary, such as situations where the subordinates clearly understand their roles and know how the work is to be done. Three categories of neutralizers and substitutes are: subordinate characteristics, task characteristics, and group and organization characteristics (Kerr & Jermier, 1978; Yukl, 1994). Subordinate characteristics include: (1) experience, ability, and training. (2) "professional" orientation, and (3) indifference

toward organizational rewards. Task characteristics include: (1) a structured, routine, unambiguous task; (2) feedback provided by the task, and (3) an intrinsically satisfying task. Organizational characteristics include: (1) a cohesive work group, (2) low position power, (3) explicit plans, goals, areas of responsibility, (4) rigid, unyielding rules and procedures, and (5) a leader located away from the organization with limited communication possible (Kerr and Jermier, 1978).

(c) Multiple Linkage Model

The Multiple Linkage Model developed by Yukl builds upon previous contingency theories presented above (Yukl, 1971; Yukl, 1981; Yukl, 1989). This model focuses on "...the interacting effects of managerial behavior and situational variables on the performance of the manager's work unit" (Yukl, 1994 p. 294). In other words, Yukl believes that characteristics of a leader's behavior in combination with the situation determine whether a leader is effective. He defines effectiveness in terms of productivity and profits of a leader's organization. Variables play an important part in the Multiple Linkage Model and managerial behavior and situational variables are two of four that Yukl describes. The others are: intervening and criterion variables. According to Yukl, the leader may, no matter how good he or she is, be limited in what he or she can do. An example is situational variables such as government regulations or union-management contracts, "neutralizing" his/her discretion in making necessary changes or reacting to problems. Even if there are a minimum of "neutralizers," the Multiple Linkage

Model states that the leader's effectiveness is also dependent upon the characteristics of his/her employees and of their work situation. In other words, the leader doesn't have a direct impact on the organization's productivity and profits, instead, the leader must achieve effectiveness through his/her employees and the work situation by making employees and the work situation conducive to being productive (Yukl, 1994). An example of this would be that the leader may need to increase the level of ability and motivation of employees through training and education, or the resources and support services available to complete required work. Yukl describes a number of these "intervening" variables, including employee motivation, subordinates' need of skills and abilities, organization of work to assure efficiency, group member cooperation to work well together, and adequate resources and support. Finally, the leader must consider all these "intervening" variables and decide whether they have an effect on his/her own effectiveness in the situation in which he or she is currently.

Yukl provides two general propositions that guide leaders in making decisions about their actions: (1) "In the short term, unit effectiveness is greater when the leader acts to correct any deficiencies in the intervening variables, and (2) "In the longer term, unit effectiveness is greater when the leader acts to make the situation more favorable" (Yukl, 1994 p. 300-301).

(d) LPC Contingency Model

Fielder developed his LPC Contingency Model (which stands for "least preferred coworker score"), to describe how the situation

moderates the relationship between leader traits and effectiveness (Fiedler, 1967; Fiedler, 1964). The LPC score measures a trait that predicts leadership effectiveness, according to Fielder. Fielder states that the High LPC leader is primarily motivated in having close, interpersonal relationships with other people, including subordinates. The leader with a High LPC will act in a considerate, supportive manner if it is called for. Achievement of task objectives is a secondary motive. The leader with a Low LPC score is primarily focused on task objectives, and will emphasize these objectives when there are task related problems. Only secondarily is this leader concerned with good relations. Fiedler suggests that "favorability" of the situation within which a leader finds him or herself will determine whether the High LPC leader will be more or less effective than the Low LPC leader.

(2) Leadership Behavior

The review of literature on leadership behavior centers on observable behaviors that differentiate effective from ineffective leadership. The skills and traits behind these behaviors are not considered to be important. Managerial work and leadership behaviors are not consistently clearly differentiated; however, behaviors that people in these positions exhibit have been placed in four categories: decision making, influencing, exchanging information, and building relationships. The importance of different behaviors within each of these categories may vary depending upon the manager's level in the organization, the manager's function, size of the unit led by the manager, the extent to which the leader's

subunit is interdependent with other people or groups, whether there is a crisis, and the stage in the organization's life cycle (Yukl, 1994).

Research on effective leader behavior, uses questionnaires, laboratory experiments, field experiments, and critical incidents to discover how effective leaders differ in behavior from ineffective ones. The literature review shows three groups of studies on effective leader behavior.

Ohio State University leadership studies involve extensive administration of questionnaires that determined, through factor analysis, two dimensions of supervisor behavior.[1] These dimensions or behavior content categories are labeled "consideration" and "initiating structure" (Fleishman, 1953; Halpin & Winer, 1957; Hemphill & Coons, 1957b). "Consideration" refers to the degree to which a leader acts in a friendly and supportive manner, shows concern for subordinates, and looks out for their welfare. "Initiating structure" refers to the degree to which a leader defines and structures his/her own role and the roles of the subordinates toward achieving the group's goals. Research indicates that these two categories are relatively independent. Findings from this work indicate that subordinates are happier if their leader is at least moderately considerate, but inconclusive, as pertaining to the value of "initiating structure" (Yukl, 1994).

Behavioral research using experiments, is another approach to the study of leadership behavior in reviewing the literature.

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[1]For the purposes of this review, supervisors, managers, and leaders have been used interchangably.

Behavioral research experiments were conducted to answer the question of causality that the correlation work at Ohio State University could not. The literature on behavioral research using experiments, centers on that conducted in laboratories using university students (Day, 1971; Day & Hamblin, 1964; Farris & Jr., 1969; Lowin & Craig, 1968; Sims & Manz, 1984). "This research demonstrated that causality operates in both directions, from behavior to outcomes, and vice versa" (Yukl, 1994 p. 58). As with the results of previous Ohio State studies, the findings of the behavioral research suggest that "consideration" behavior, leads to increased satisfaction and productivity and were inconclusive for the "initiating structure" variable (Yukl, 1994).

The Michigan Leadership studies were carried out by researchers at the University of Michigan (Katz & Kahn, 1952; Katz et al., 1951; Katz, Maccoby & Morse, 1950). The Michigan research focuses on identifying relationships among leader behavior, group processes, and measures of group performance. Field research was conducted on a variety of leaders and managers in an insurance company using questionnaires and interviews. The research finds that three types of leadership behavior differentiates between effective and ineffective managers: task-oriented behavior, relationship-oriented behavior, and participative leadership. Findings conclude, that effective managers concentrate on the following task-oriented behaviors: planning, scheduling work, coordinating subordinates' activities, and providing organizational support. Effective managers also are more considerate, supportive, and helpful with subordinates than ineffective leaders; that is, they

concentrate on relationship behaviors. In addition, effective leaders also involve subordinates in decision-making (Likert, 1961; Likert, 1967).

The studies above suggest that there are certain behaviors that "universally" relate to leadership effectiveness regardless of the situation. Some theorists believe that the use of participative decision procedures are most effective (Argyris, 1964; Likert, 1967; McGregor, 1960). Blake and Mouton developed a managerial grid that describes managers in terms of concern for people and concern for task (Blake & Mouton, 1964). Research in Japan promulgates a similar two-factor theory called PM Leadership Theory (Misumi & Peterson, 1985). This theory proposes that effective leaders are high in both performance behavior and maintenance behavior. These studies conclude that the most successful managers are those who show a high degree of concern for both people and task in all situations (Yukl, 1994).

(3) Leadership Traits and Skills

Studies on leadership traits and skills propose that some people have innate and/or learned characteristics that: (1) make them more likely to attain or seek leadership positions and (2) increase the chance that they will be effective leaders. Numerous studies on this subject have been conducted, though few if any of them identify a particular set of traits or skills that predict leadership advancement or effectiveness (Yukl, 1994). The following literature review describes some of these research efforts.

McClelland conducted research on managerial motivation. McClelland and his associates identify three such motives: the needs for achievement, power, and affiliation (McClelland, 1965; McClelland, 1985). The implications of this research are that managers are more likely to be effective, if they have strong socialized nPower (need for power), a moderate level of nAchievement, and a lower nAffiliation. When managers vary from this trait pattern, it may result in their failure. However, the specific situation determines the actual optimization of these three motives.

Miner's theory of managerial role motivation includes motivational traits for management success in large corporations (Miner, 1965). Traits that can be used to predict success include the desire to exercise managerial advancement, to use power, and to compete with peers, and a positive attitude toward authority. Implications of Miner's theory include the need for a manager may need to possess these traits in order to advance to high levels in a large, hierarchical organization. However, they may not be as important to advancement in a smaller, less bureaucratic company.

Boyatzis conducted research to discover competencies related to managerial effectiveness (Boyatzis, 1982). Competencies include personality traits, motives, skills, knowledge, and self-image. Boyatzis correlates certain traits and skills in these categories with effective managers, whereas, correlation's were low for ineffective managers.

Through longitudinal research with assessment centers, researchers have discovered traits related to managerial

advancement in corporations. These traits include the desire to advance, dominance, interpersonal skills, cognitive skills, and administrative skills. Assessment centers help management identify managerial potential through the use of simulations. Candidates are measured by a team of judges and a final score is assigned that signifies the candidates' potential for success in a higher level position (Bray, Campbell & Grant, 1974; Howard & Bray, 1988). These studies find that a person with high levels of the above traits, is more likely to advance if he or she is in an organization that encourages the development of managerial skills, where challenging assignments are given with increasing responsibility, and a leader who is a positive role model.

Studies of successful versus derailed managers were conducted by the Center for Creative Leadership (Lombardo & McCauley, 1988; McCall & Lombardo, 1983a; McCall & Lombardo, 1983b). These studies attempt to define traits and behaviors that can be associated with success and failure of top level executives. These researchers find some similarities between the two groups, which include, ambition, strong technical skills, a string of prior successes, and are seen as "fast risers." The major traits identified and that distinguish the two groups include emotional stability, composure, defensiveness, integrity, interpersonal skills, technical and cognitive skills. Findings do not reveal a perfect formula for successful advancement. Instead, researchers primarily find similarities between the successful and derailed managers. Although, some of the reasons for derailment are evident, others are less so, but can be attributed to bad luck, such as an economic downturn. Also, traits

and skills that may be at one point a strength or unimportant can eventually hurt a manager as he or she advances, thus leading to failure.

(4) Power and Influence

This review of literature on leadership considers the work on implications of power and influence for the effectiveness of individual managers. This research focuses on the question, "Do effective leaders have or use different types of power than ineffective leaders?"

The sources of power used in organizations are classified by French and Raven (French & Raven, 1959). Their taxonomy consists of: reward, coercive power, legitimate power, expert power, and referent power. Additional research finds expert and referent power is positively correlated with subordinate satisfaction and performance, although results for legitimate, reward, and coercive power are inconsistent (Hinkin & Schriesheim, 1989; Rahim, 1989; Schriesheim, Hinkin & Podsakoff, 1991; Yukl & Falbe, 1991) Findings overall indicate that effective leaders use expert and referent power to influence subordinates.

Another approach to conceptualizing power sources is examining the dichotomy between "position power" and "personal power" (Bass, 1960; Etzioni, 1961). It is generally believed today that these studies have questionable findings because of their lack of demonstrated validity of the power measures (Podsakoff & Schriesheim, 1985). In particular, the extent to which coercion and reward affect subordinates is not well understood. It may well be

that effective leaders use a mixture of different kinds or sources of power (Kotter, 1985; Kotter, 1982).

Two major theories, Social Exchange theory, and Strategic Contingencies theory have been proposed that examine how power is acquired, maintained, or lost in organizations.

Social Exchange theory explains the acquisition and loss of power through "reciprocal influence processes." In other words, acquisition of power is the result of an exchange of benefits or favors between people. These benefits may be in the form of material things, but also can be expressions of approval, esteem, affection, respect, and other psychological favors (Blau, 1974; Hollander, 1958; Hollander, 1979; Homans, 1958; Thibaut & Kelley, 1959). Expectations of the leadership role to be played by an individual is influenced by that member's demonstration of competence and loyalty to the group. The degree of influence and status is proportional to the extent that group evaluates the contributions of the individual, as compared to other group members. As the person's expertise and trust is confirmed, members are more willing to suspend judgment and take up a follower role. In this manner, the leader gains support for innovation.

According to these researchers, the opposite is also true; that is, if the leader's proposals fail, the group will reassess the leader's contributions, and then are less likely to follow. When the leader's failures are perceived to be a result of incompetence or poor judgment, the members' negative view of the leader is stronger, rather than when failure is seen as being due to outside forces. "Success resulting from innovation leads to greater credit, but failure

leads to greater blame" (Yukl, 1994 p. 210). The leader is looked to by the group to propose new ways of dealing with problems and issues, in other words, he or she is expected to innovate. A leader who fails to show initiative actions will lose esteem and influence (Hollander, 1979). In this research, the leader's role in organizational change is becoming more pivotal.

The Social Exchange theory also considers the leader's positional situation. Leaders of corporations, as well as leaders of small groups, gain influence and status the same way, that is, by demonstrating expertise and loyalty. However, leaders who have been appointed by superiors are less subject to subordinates' views of their competence, and therefore, less subject to their evaluation in order to retain their power (Evans & Zelditch, 1961). The Social Exchange theory has been tested in laboratory experiments on small groups, but longitudinal research to verify application to large groups and organizations has not taken place (Hollander, 1979).

Strategic Contingencies theory deals with how subunits rather than how individuals of an organization gain power. However, a member of a powerful subunit is more likely to become a leader than members of less powerful and influential subunits (Hickson, Hinings, Lee, Schneck & Pennings, 1971). According to these theorists, the power of a subunit depends upon the unit's expertise in coping with important and critical problems, and the uniqueness of that expertise being located in a central position within the workflow.

In addition to the above four categories of leadership theory, there are three other perspectives on leadership in the literature. The following section reviews that literature.

Charismatic Leadership

Charismatic leadership has only recently been researched in organizations. Weber refers to charisma as occurring when social crisis takes place and a leader with exceptional characteristics comes forth with a radical vision to resolve the crisis (Weber, 1947). Followers perceive the a leader as charismatic if he/she has extraordinary traits. In years following Weber's work, a major controversy has taken place over what constitutes charisma. Numerous researchers have attempted to determine if charisma is a result of leader attributes, situational conditions, or the interaction between leader and followers (Berger, 1963; Bromley & Shupe, 1979; Cohen, 1972) (Dow, 1969; Friedrich, 1961; Kanter, 1968; Shils, 1965). More recently, researchers have begun to agree that the phenomenon of charismatic leadership is the result of a complex interaction between leader qualities and behaviors, and follower perceptions and attributions in specific leadership situations (Bass, 1985; Conger & Kanungo, 1987).

Another review of the literature on this subject also shows theories of charismatic leadership based on leader traits, leader behaviors, and facilitating conditions (House, 1977). According to House, a charismatic leader's impact or effect on followers is both profound and unusual (House, 1977). House found that followers perceive the leader's beliefs to be correct. Followers feel an affection for the leader and they believe emotionally in the mission of the organization. In addition, according to House, followers feel they can positively contribute to the success of this mission and have high performance standards.

Smith's empirical studies show that followers of charismatic leaders are self-assured and find the work of the organization as more meaningful (Smith, 1982). However, these followers did not give unquestioning obedience and loyalty to the leader.

Other researchers have created questionnaires that attempt to measure charismatic and transformational leadership behaviors (Podsakoff, MacKenzie, Morrman & Fetter, 1990). According to these researchers, results indicate that subordinates find leaders who articulate vision, model desirable behaviors, and communicate high performance expectations, have greater trust and loyalty toward their manager. Such subordinates also work harder, take responsibility for preventing problems, and complain less about their work conditions.

To test House's theory of three charismatic behaviors mentioned above, Howell and Higgins have conducted research comparing project champions with executives not identified as such (Howell & Higgins, 1990). They find that successful project champions exhibit greater use of these three charismatic behaviors than do the other executives.

Howell and Frost conducted laboratory experiments on college students to test charismatic leaders' patterns of behavior, comparing their styles with other leadership styles (Howell & Frost, 1989). Groups whose leaders exhibit, according to Howell and Frost, charismatic behavior patterns, such as explaining the importance of the work, communicating high performance expectations, showing empathy with subordinate needs, and acting confidently, have higher performance and greater satisfaction with the work, while exhibiting

less conflict than directive or considerate leadership behavior pattern led groups.

A study of leadership in United States presidents is mostly consistent with charismatic leadership theory (House, Spangler & Woycke, 1991). They find that presidents with a socialized power orientation show more typical charismatic leadership behaviors than presidents who do not exhibit these leadership behaviors. These presidents are more likely to be viewed as charismatic. In addition, they rated higher in performance in economic and social categories.

Attribution Theory of Charisma

Conger and Kanungo propose an attribution theory of charismatic leadership (Conger, 1989; Conger & Kanungo, 1987). According to this theory, followers attribute charisma phenomena to certain leaders. Attribution depends upon specific behavior patterns perceived in the leader. These researchers state that not all charismatic leaders have the same behaviors patterns, nor to an equal extent. Conger and Kanungo believe that followers will attribute charisma to leaders who exhibit the following behavior patterns: advocating a vision that is a sharp break from the status quo; acting in unconventional ways to achieve their vision; making self-sacrifices by taking personal risk or paying high costs; appear confident and enthusiastic about their proposals; using personal power; and use persuasive appeals to obtain commitment (Conger, 1989).

According to Conger, charismatic leaders are able to influence their followers through the process of personal identification. This

refers to the desire of followers to please and imitate the leader that they admire (Conger, 1989). Personal identification also involves, according to this theory, the followers perceiving a measure of their self-worth by the leader's approval of their behavior.

The process of internalization of the leader's values, attitudes, and beliefs, by his/her followers, is another means by which the charismatic leader influences others (Conger, 1989). A well communicated vision, that is relevant to followers' needs and aspirations, can cause the internalization process and thereby be the motivational source for followers' actions.

Self-Concept Theory of Charismatic Leadership

Continuing with the question of how charismatic leaders so strongly influence or have power over their followers, some researchers have studied why followers of a charismatic religious leader are willing to give all their possessions away or why followers of a charismatic political leader are willing to sacrifice their lives for his/her cause (Shamir, House & Arthur, 1993). According to some research on motivation, self-esteem seems to play an important role, since people are motivated to enhance and defend their self-esteem and self-worth (Shamir, 1991b). Charismatic leaders, use this natural human motivation, through appropriate communication processes, to enhance follower self-esteem, self-worth, and self-efficacy. Through the use of symbols, slogans, and stories about past events, charismatic leaders promote social identification and a collective identity among their followers. They use themselves as role models for followers to emulate.

According to Shamir, the motivational effects of a charismatic leader are more likely to occur when the leader's vision is congruent with the followers' values and when the organization's mission can be linked to these values. Although the charismatic leader has greater influence when a crisis situation exists, Shamir states, it is not a necessary component for a charismatic leader to emerge (Shamir et al., 1993).

Charisma as Social Contagion

A different approach to the study of charismatic leaders is to examine the portion of followers who never come into direct contact with the leader, yet are strongly influenced by him/her. Meindl describes charisma as follower centered, not leader centered (Meindl, 1990). According to this theory, follower response is a result of a social influence process among followers. Specifically, this process has been termed "social contagion." This refers to a "spontaneous spread of emotional and behavioral reactions among a group of people"(Yukl, 1994 p. 329). Again, according to Meindl, many people hold a heroic social identity in their self-concept. They want to see themselves as part of a rightious cause, for which they are willing to make self-sacrifices. However, usually this social identity is submerged by other social identities, until a cause emerges that they can identify with. This theory states that it is not important who becomes the leader of the new cause, "as long as it is someone who is sufficiently attractive and exceptional to qualify for the role" (Yukl, 1994 p. 330).

Participative Leadership

Participative leadership involves various ways in which a leader or manager actively seeks the involvement of subordinates in problem solving and making decisions in the organization. Theorists have proposed various means that leaders employ to gain participation (Heller & Yukl, 1969; Strauss, 1977; Tannenbaum & Schmidt, 1958; Vroom & Yetton, 1973). However, there is probably general agreement on the following categories that run on a continuum from no influence by others to a high degree of influence: autocratic decision, consultation, joint decision, and delegation (Yukl, 1994).

Research on participative management and leadership has largely been inconclusive due to the methods utilized and the difficulty in verifying data (Yukl, 1994). In most studies, the criteria for leader effectiveness was usually subordinate satisfaction and performance. However, three elements have been recognized in choosing the appropriate decision making procedures: forces in the leader, forces in subordinate, and forces in the situation (Tannenbaum & Schmidt, 1958).

Vroom and Yetton Normative Decision Model

Vroom and Yetton further specify which decision making procedures will be most effective (Vroom & Yetton, 1973). Overall effectiveness, they state, is dependent upon two intervening variables: decision quality and decision acceptance. These intervening variables are affected, in turn, by the decision procedures used by a leader. Decision acceptance refers to the

degree of subordinate commitment to the decision, and decision quality refers to the choice of the best alternative being selected.

Vroom and Yetton identify five decision procedures for decisions involving multiple subordinates: two varieties of autocratic decision, two varieties of consultation, and one variety of joint decision making by leader and subordinates (Yukl, 1994). According to the normative decision model, effectiveness of a decision procedure depends on seven aspects of the situation:

> (1) the leader's possession of relevant information, (2) the likelihood that subordinates will accept an autocratic decision, (3) compatibility of leader and subordinate objectives, (4) importance of decision quality, (5) importance of decision acceptance, (6) amount of disagreement among subordinates with respect to their preferred alternatives, and (7) extent to which the decision problem is unstructured (Yukl, 1994 p. 164).

This model presents a set of rules that helps leaders identify inappropriate decision procedures.

Transformational Leadership

An early theorist on transformational leadership is James McGregor Burns (Burns, 1978). According to Burns, transformational leadership is a process in which "leaders and followers raise one another to higher levels of morality and motivation" (Burns, 1978 p. 20). In other words, the transformational leader activates or triggers higher-order needs and self-actualization motives (Maslow, 1954). These leaders lift us to higher ideals, moral values, and self-

improvement. Burns believes that anyone in an organization, in any position, can be a transformational leader through the process of influencing peers, subordinates, and superiors.

Burns distinguishes between transformational and transactional leadership. While transforming leaders seek to elevate followers to better themselves, transactional leaders motivate followers by appealing to their self-interest. The transactional leader conducts exchanges with his/her followers. According to Burns, transactional leaders exchange salary, benefits, and/or status for follower work effort. Values that are involved in this exchange process are based on such attributes as fairness, honesty, and reciprocity.

On the other hand, Burns views transformational leadership as a process, "a stream of evolving interrelationships in which leaders are continuously evoking motivational responses from followers and modifying their behavior as they meet responsiveness or resistance, in a ceaseless process of flow and counter flow" (Burns, 1978 p. 440). In other words, transformational leaders exist in an ongoing relationship with their followers, trying different behaviors and determining the appropriate response, in an ever changing attempt at motivation.

Another theory, which is built upon Burns' work, proposes that the transformational leader should be measured by the effects on followers (Bass, 1985). Followers of transformational leaders feel trust, admiration, loyalty, and respect for the leader. The transformational leader gains followers and motivates them by:

- making them more aware of the importance of their tasks and accomplishing their outcomes
- subordinating their self-interests for the good of the organization and
- activating their higher-order needs.

According to this theory, there are four basic components of transformational leadership: charisma, intellectual stimulation, individualized consideration, and inspirational motivation (Bass, 1985; Bass & Avolio, 1990a). According to Bass, charisma refers to the process of arousing strong emotions on the part of the followers and identification with the leader. Intellectual stimulation is the process where leaders create the awareness of problems and influence followers to perceive these problems in a new way. Individualized consideration is the process where leaders provide support and encouragement to followers. Inspirational motivation is defined as creating the appealing vision and focusing followers on the effort through the use of symbols and stories. It also refers to the leader modeling appropriate behavior (Bass & Avolio, 1990a).

Bass views transactional leadership as does Burns, that is, an exchange of rewards for compliance. Bass' definition, however, is broader and includes behavioral components of contingent reward, active management, and passive management by exception. Contingent reward refers to a clarification of required work to obtain rewards and the use of incentives and contingent rewards to influence motivation. Active management by exception includes the monitoring of subordinates' work and taking corrective action when work is not done properly. Passive management by exception refers

to corrective actions and punishments for deviations from acceptable performance standards. Bass views Goal-Path leadership theory as an example of transactional leadership. In addition, Bass believes that transformational and transactional leadership are not mutually exclusive and that any leader may use both, depending upon the situation.

Bass differentiates between transformational and charismatic leadership. Bass states that "Charisma is a necessary ingredient of transformational leadership, but by itself it is not sufficient to account for the transformational process" (Bass, 1985 p. 31). In other words, according to Bass, a person can be a charismatic leader without influencing people to transform their self interest for a cause. The major difference in the approach between the two kinds of leaders is that transformational leaders, while inspiring strong emotions and identification with the leader, seek to empower and elevate followers. In addition, transformational leaders are also, teachers, mentors, and coaches to their followers. According to Bass, leaders who are only charismatic seek the opposite, that is, to weaken followers and make them dependent upon the themselves, while instilling in them personal loyalty.

Bass defines charismatic differently than other leadership theorists discussed such as House and Conger and Kanungo. Charismatic leaders, according to Bass, believe that they possess a supernatural purpose and destiny. Followers may worship the leader and idolize him/her as a superhuman hero or spiritual figure. By viewing leaders in this way, followers tend to project certain characteristics as part of psychodynamic mechanisms that leaders

can trigger. Therefore, such behaviors as projection, repression, and regression can be the result for individual followers. These behaviors can then be magnified by group processes (Yukl, 1994). Bass further explains the polarized responses of strong love or hate emotions that such leaders elicit as the reason that charismatic political leaders become targets of assassination. Unlike transformational leaders who can be found at any level or position in an organization charismatic leaders are rare according to Bass. They emerge most often when the organization is in crisis and formal authority has been unable to deal effectively with the situation.

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CHAPTER FOUR: LITERATURE REVIEW OF MENTAL MODELS

Introduction

According to a review of the literature, mental models are a recent concept for examining how individuals and groups view the world around them and the ways these views impact their actions and behaviors in organizations. The importance of the concept of mental models, according to Senge, is that the way we see the nature of our world determines our responses to that world (Senge, 1993). Actions we take are in response to our internal "pictures" of how the world works. Therefore, mental models both assist and hinder us. Mental models assist us through the process of generalization, so that every situation we encounter is not experienced as being distinct and novel. However, mental models hinder us through the same process of generalization by lumping situations we encounter into predefined experiences and thus limiting the novelty and thus, the flexibility, of our responses.

Description of Mental Models

Although researchers have occasionally used different terms, there seems to be agreement in the literature on the concept of mental models and how they are described. A sampling of researchers' descriptions of mental models from the literature follows.

Senge describes mental models as "... deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting" (Senge, 1990a p. 174). Bartlett describes a

mental structure called "schmata" which he defines as "... an active organization of past reactions, or of past experiences, which must always be supposed to be operating in any well-adapted organic response" (Bartlett, 1932 p.201). In examining the term mental models, Brewer concludes that the term could refer to "all forms of mental representation, general or specific, from any domain, causal, intentional or spatial" (Brewer, 1987 p. 193). In further describing mental models, they have also been referred to as "... rules and regulations, habits, managerial frames, assumptions, mind-sets, paradigms, conventional wisdom, industry recipes, customs, institutional memory, and so on" (SMR, 1997 p.13).

The following section reviews the literature on the development of the concept of mental models.

Development of the Concept of Mental Models

The term "mental model" has been used, at least since the 1930s, by cognitive theorists in their explanations of human learning. According to some of these theorists, the human mind engages in a mediating process between stimuli and human responses (Lovell, 1980). In other words, behavior does not result directly from a stimulus; instead, it is the result of a mediating process. This mediating process is part of our experience and active cognition (Lovell, 1980). Using a term equivalent to "mental models," "schmata," Bartlett states, develop from our life experiences and grow and change throughout our lives (Bartlett, 1932). Another cognitive theorist, Craik, explains that the mind functions through mental models (Craik, 1943). Craik believes that reasoning is

accomplished through the use of mental models that imitate or represent real life relationships and processes. Tolman refers to the term "cognitive maps" to describe the process humans use in learning (Tolman, 1948). According to, Tolman we build representations of the environment and then refer to these before we commit to taking actions. The term "mental model" has gained acceptance in management literature (DeGeus, 1988; Porac, Thomas & Baden-Fuller, 1989; Senge, 1990b).

Piere Wack was one who early on understood the power of mental models and developed their use. Wack was not an academic researcher when he joined Royal Dutch/Shell to work on future scenarios for their Group Planning organization in 1971. He created scenarios that challenged management's then current mental models "... so that managers would question their own model of reality and change it when necessary" (Senge, 1990a p. 179).

Other researchers, including Bartlett (1932), Schank (1982), Lakoff (1987), and Johnson-Laird (1989), describe how people represent knowledge about their external environment through the use of mental models, which are also referred to as "cognitive models."

Physiological research supports the concept that our understanding of the external world is a result of our interpretation of data, rather than being a matter of responding to factual phenomena. This research applies to the concept of mental models. One example of this interpretation of data includes research cited by Sacks as well as Cheselden, Gregory and Wallace, Hebb, Hine, and von Senden (Sacks, 1995). According to these researchers, the human

brain has a center that receives stimuli from the optic nerves and translates these data into what is commonly referred to as sight (Sacks, 1995). In other words, sight is an interpretation of data that our eyes perceive. To further demonstrate this concept, sometimes the brain center doesn't interpret data very well. According to Sacks, the center for interpreting optic input (stimuli) in the brain needs to learn how to make meaning out of the data it receives. This ability is accomplished early in a child's developing brain.[1] Sacks states that the brain may "unlearn" its ability to interpret data when sight is lost. Sacks writes of his work with a patient named Virgil who lost his sight at age six and got it back forty years later. Virgil had great difficulty in seeing normally when his sight returned. His brain did not interpret data well; in particular, it was unable to perceive the wholeness of objects. For example, he could make out paws, tail, and nose as part of a dog or cat, but could not put the pieces together to distinguish a dog from a cat, or what a whole dog or cat looked like (Sacks, 1995, 108-152).

Sacks' research seems to indicate that what we as individuals see in the external world, at least in part, occurs through a learning process. In other words, we learn to see; we learn to distinguish objects from the background; we learn to distinguish size and shape; and we learn to see space and distance in relation to ourselves (Sacks, 1995). Therefore, we can deduce that aspects of our mental models are learned over time and built through our experiences and perceptions.

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[1]Sacks doesn't indicate the time period nor how long this development takes.

The following is a literature review that describes the role of mental models in organizational change.

The Role of Mental Models in Organizational Change

> "Given human frailties as information processors, mental models allow individuals and organizations to make sense of their environment and act within it. The problem, of course, is that mental models may be, or become, inaccurate" (Barr, Stimpert & Huff, 1992b).

In other words, mental models determine how stimuli will be interpreted and used by individuals and organizations. Since humans are selective in what stimuli is received, mental models even determine what we notice (Sacks, 1995). Rumelhart states mental models "... facilitate learning by allowing humans to fill gaps in both information and memory, and to construct updated models of reality (Rumelhart, 1990). Thus, mental models are vital to us for information processing by constructing models of how we see the world instead of requiring us to build new models for each new situation we encounter. "Mental models are considered indispensable to information processing because they organize knowledge in simple, robust and parsimonious ways, in a world awash with information of staggering complexity" (Vandenbosch & Higgins, 1995).

The down side of mental models, according to Senge, is that they often result in blocking learning and transformational change

(Senge, 1990a). This occurs when mental models become rigid and fixed.

The concept of mental models also applies to organizations; however, in this case, it is the mental models of interacting individuals that are being examined. Organizations confront the same problems as individuals when they take their mental models for granted and don't challenge their assumptions and generalizations. When an organization falls victim to rigid mental models, it loses its creativity and ability to grow. While mental models cannot be continually questioned without stopping all activity, it is crucial that they be made explicit and that opportunities are provided for sharing and examining them. According to Argyris and Schon, individuals and organizations may go through processes of single loop and double loop learning. Single loop involves error correction rather than challenging the existing "...framework of norms for performance" (Argyris & Schon, 1978 p. 21). It is only double loop learning that uses the processes of inquiry and reflection that results in organizational learning.

According to the literature, the concept of mental models seems to be extremely important to understand for organizations to have the capacity to implement transformational change (Argyris, Putnam & Smith, 1985a; Argyris & Schon, 1978; Senge, 1990a). Cases cited by Senge indicate that those involved in transforming their companies, including Pierre Wack at Royal Dutch/Shell and CEO Bill O'Brien at Hanover Insurance, demonstrate that transformational change would not have been successful without having been able to "surface and discuss productively their different ways of looking at

the world" (Senge, 1990a p. 182). A longitudinal study by Barr, Stimpert, and Huff on two railroad companies indicates the important role of mental models and the ability of company executives to adapt and change their models for organizational success (Barr, Stimpert & Huff, 1992a).

An often cited example of the role that mental models play in organizational change, is the Swiss watch making industry (Brown, 1994). Although, the Swiss pioneered the development of the quartz crystal watch mechanism, Swiss executives did not see quartz movements' impact on watch making. This left the Japanese free to exploit the new technology at the expense of the Swiss watch making industry.

Argyris, through his research, understands how managers' mental models, that consist of their deeply held attitudes, beliefs and assumptions, cause them to behave in often counter productive ways. Argyris posits that we develop "'... defensive routines' that insulate our mental models from examination" (Senge, 1990a p. 182). In other words, Argyris sees how managers have great difficulty in learning from other managers because of "defensive routines" that they use to protect their mental models from being challenged. This results in behavior that Argyris calls "skilled incompetence" (Argyris, 1985b; Argyris et al., 1985a). As part of their "defensive routines," managers might, for example, discuss with others their ideas and thoughts on business strategies while, to protect their mental models, refusing to discuss the basis for their opinions. Instead, such managers will debate the virtues of their ideas over others and stubbornly hold to their positions. This behavior, Argyris terms,

"espoused theory," which refers to those principles and attitudes that we say, and may actually think, we believe in. Managers' deeply held beliefs, on the other hand, Argyris terms, "theory-in-use" (Argyris & Schon, 1978; Argyris et al., 1985a). "Theory-in-use" is manifested when stress and crisis occur that cause managers to act from their deeply held beliefs. Therefore, mental models consist, in part, of "theories-in-use" that we use to understand the world around us and "espoused theories" that we use to protect our emotional investment in ideas and positions that we hold.

Individual's mental models are extremely difficult to change since people are heavily emotionally invested in them. Argyris says that in order to change them, double-loop learning is required. The process of conducting double-loop learning is called "theory of action" (Argyris & Schon, 1978). Argyris and his associate at MIT, Donald Schon, believe that "theory of action" is at the core of organizational learning and the ability to transform organizations (Senge, 1990a). It is a process of "...becoming increasingly aware of your own stumbling blocks and those of others, and continually building the capacity in yourself to stop the action..." and ask yourself what are your real assumptions and beliefs? "Theory of action," is a process of examining our own mental models and the behaviors they cause (Chawla & Renesch, 1995).

Argyris' "theory of action" is one example of using the concept of mental models to assist leaders in transforming their organizations. Another approach that relies strongly on mental models is called "map analysis." This is a process of extracting, analyzing, and combining individual mental models into cognitive

maps (Carley, 1997). Individual cognitive maps are then combined to produce a team map with information as to the possible effectiveness of a team and what it may need to develop greater teamwork.

There are many examples in which management's mental models have resulted in suboptimal decision making and action. The American automobile industry's obsolete view of consumers in the late 1960s and early 1970s and its subsequent inability to recognize changing needs and wants has had severe consequences for American manufacturing and the loss of jobs in that industry (Vandenbosch & Higgins, 1995).

According to the literature, the relationship between flexible executive mental models and competitive performance has significant implications for executive learning. Superior competitive performance is likely dependent upon management's ability to learn and make sense of uncertain and ambiguous competitive environments. An example of utilizing the concept of mental models and executive learning for organizational change is Executive Support Systems (ESS) (Vandenbosch & Higgins, 1995). "These systems are designed to provide executives with high-quality information in a form that is easy to access, and use, and is relevant to decision making" (Vandenbosch & Higgins, 1995 p. 2). ESS is designed to contribute significantly to managers' abilities to read their environments and shape their organizations' competitive performance. The role that ESS plays is that of providing stimuli for executives in adapting their mental models. These stimuli may lead to learning in one of two ways. First, they can help to confirm

managers' existing mental models. An executive may learn to hold his or her position more strongly as a result of the information provided by an ESS. Second, information contained in an ESS may challenge existing mental models, and encourage and facilitate the development of new ones. Managers may learn to think about their businesses in entirely or partially new ways through their processing of the information contained in their ESS.

This chapter posits that to a great extent, an organization's culture shapes individual and group mental models. Culture, as defined, in part, by Schein, is:

> A pattern of shared basic assumptions that the group learned ..., that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel ... (Schein, 1992 p. 12).

Schein continued by stating that:

> The function of cognitive structures [mental models] such as concepts, beliefs, attitudes, values, and assumptions [in other words, one's culture] is to organize the mass of environmental stimuli, to make sense of them, and to provide, thereby, a sense of predictability and meaning to the individual (Schein, 1992 p. 298).

In other words, an organization's culture has a powerful impact on shaping the mental models of those who belong to it. We are positing that how people perceive the world around them and even what they perceive, is shaped primarily by their cultural environment.

However, individuals and groups that belong to an organization's culture have, in turn, the power to shape (or reshape) that culture. This is most often accomplished in organizations by leaders. Leaders are able to alter a culture by helping individuals and groups change their mental models by first presenting a "disequilibrium" (Lewin, 1951) or "creative tension" (Senge, 1990a) in the current situation or state. The leader then reveals a new vision that helps organizational members "unfreeze" their mental models, begin reshaping how they perceive their world, and thereby change their culture.

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CHAPTER FIVE: METHODOLOGY

Purpose

This research is my personal journey, seeking understanding of organizational change and transformation and the role that leaders have in effecting it. In addition, I explore the concept of mental models and use this concept as a tool that may help consultants analyze and improve a leader's efforts in changing their organization.

Theoretical Basis for Conducting Qualitative Research

Qualitative Research

According to Denzin and Lincoln, qualitative research refers to many approaches to the study of a multitude of subjects and areas. However, Denzin and Lincoln provide a generic definition:

> Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. ... [Q]ualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials-case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual tests-that describe routine and problematic moments and meanings in individual's lives. Accordingly, qualitative researchers deploy a wide range of interconnected methods, hoping always to get a better fix on the subject matter at hand (Denzin & Lincoln, 1994 p. 2).

Bogdon and Biklen posit that there are five features that all qualitative research possess, although a particular research design most likely does not have all five, and these features vary in degree employed: (1) Research is conducted in a natural setting and data is obtained from this source. The researcher is the primary tool in data collection. (2) Research is descriptive and anecdotal. (3) Research is concerned with process not just outcomes. (4) Data is not collected to prove a hypothesis, rather any meaning obtained comes from data analysis. In other words, concepts emerge or bubble up from the data, or as Glaser and Strauss refer to the process, "grounded theory" (Glaser & Strauss, 1967). (5) Researchers are primarily interested in subject's perceptions about the area being studied (Bogdan & Biklen, 1992).

The multimethod focus of qualitative research is important to emphasize. According to Denzin and Lincoln, qualitative research is a set of interpretative practices with no single methodology predominating (Denzin & Lincoln, 1994). Unlike the positivist approach (see below) which believe that there is an objective reality "out there" and use scientific methods to validate their theories, qualitative researchers substitute for validity by using multimethods or trangulation in an attempt to gain in-depth understanding of the problem being investigated (Denzin & Lincoln, 1994). In addition, Denzin and Lincoln posit that qualitative research has "... no theory, or paradigm, that is distinctly its own (Denzin & Lincoln, 1994 p. 3). Instead many theories and paradigms claim to use qualitative research methods and strategies including constructivism, cultural

studies, feminism, Marxism, and ethnic models of study. "Qualitative researchers use semiotics, narrative, content, discourse, archival, and phonemic analysis, even statistics ... and draw upon and utilize the approaches, methods, phenomenology, hermeneutics, feminism, rhizomatics, deconstructionism, ethnographies, interviews, psychoanalysis, cultural studies, survey research, an participant observations, among others" (Denzin & Lincoln, 1994 p. 3). In other words, qualitative research is a very broad and open field that allows a multitude of strategies and approaches to study a wide range of topics and areas.

Phenomenological Approach

The research in this dissertation takes a phenomenological approach to qualitative research. A phenomenological approach refers to attempts at understanding the "meaning of events and interactions to ordinary people in particular situations" (Bogdan & Biklen, 1992). In other words, we try to gain an understanding of how subjects perceive certain aspects of their world, what their reality looks like through their own eyes. The phenomenological approach posits that people construct knowledge about the world around them. "We invent concepts, models, and schemes to make sense of experience and further, we continually test and modify these constructions in the light of new experience" (Schwandt, 1994 p. 125-126).

Symbolic Interaction

Additionally, this research utilizes symbolic interaction perspective which is compatible with a phenomenological approach

(Bogdan & Biklen, 1992). The basic concept of symbolic interaction is that people place meaning upon all aspects of their lives. These aspects, such as events, objects, other people, and situations, have no independent meaning of their own. In other words, people confer meaning upon them. "The meaning people give to their experience and their process of interpretation are essential and constitutive, not accidental or secondary to what the experience is" (Bogdan & Biklen, 1992). In order to understand people's actions and behaviors, according to symbolic interaction, we must first understand the meaning they give their experiences (Schwandt, 1994). By understanding the symbols and meaning people confer upon their life experiences we can better understand their actions.

Additionally, the meanings that people have are partially determined with the help of others (Schwandt, 1994). Meaning is constructed through interaction with such influences as other people and mass media. Individual's mental models are another way of expressing this idea of constructed meaning in symbolic interaction. One aspect of the research in this paper is to describe the constructed meaning (mental models) of leaders and other organizational members. According to symbolic interaction theory, people's actions and behavior are primarily based on these constructed meanings and not upon personal traits, internal drives, and unconscious needs and motives. It is people's perception of events and situations in their lives and how they interpret them that determine their behavior. An interpretive process also modifies these meanings. Meanings are modified through experiences in

particular situations in which the individual is engaged according to Mead and Blumer (Schwandt, 1994).

Another concept that is important to symbolic interaction theory is the construct of "self." "Self" is defined by the individual through interaction with others. According to Bogdan and Biklen, "...people come to see themselves in part as others see them" (Bogdan & Biklen, 1992 p. 37). Therefore, it is through the self's interaction with others and its perception of others' reactions to the self that defines the individual.

Portraiture

Another approach to qualitative research that is also compatible with phenomenological concepts and which I employ in my research is portraiture. Portraiture, according to Lawrence-Lightfoot, is a research process that bridges the boundary of art and science that "combines empirical and aesthetic description" creating a narrative that is rich in description and captures the "essence of the actor's experience and perspective..." (Lawrence-Lightfoot & Davis, 1997 p. 12-13). The authors describe portraiture as creating

> ... a narrative that is at once complex, provocative, and inviting, that attempts to be holistic, revealing the dynamic interaction of values, personality, structure, and history. And the narrative documents human behavior and experience in context ... [it is] the only way to interpret people's actions, perspectives, and talk is to see them in context (Lawrence-Lightfoot & Davis, 1997 p. 11).

As I present indepth descriptions of subjects' mental models in narrative form, in this paper, I am using a variation of the

portraiture method. In this approach I am attempting to produce a "convincing and authentic narrative" (Lawrence-Lightfoot & Davis, 1997 p. 12). The authentic nature of these narratives is an important aspect of the research since reliability and validity of the research is difficult to demonstrate or maintain. Instead, rigorous detail of subjects' perspectives and acknowledgment that bias can enter into the data is used to create authentic narratives.

Research Design

What organizational leaders think regarding the organization, its members, organizational change, and the individual's own existence within this environment is the result, to a great extent, of their mental models. Therefore, it is important for the researcher to understand both the contexts and mental models with which leaders and middle level managers are involved, since the ways in which transformational change is carried out may reflect the mental models of the initiators and implementers of that change effort. In order to study individuals' mental models in the context of transformational organizational change, this research explores four areas of subjects' mental models: (1) their thinking about the nature of organizations, (2) their beliefs about the nature of people in organizations, (3) their understanding of the nature of organizational change, and (4) their own self perception in their changing organizational environment.

Rationale for Use of Subject Codes

It should be mentioned that these four categories are well established in organizational change literature as representing traditional views of organizational dimensions. For example, Conner

views organizational dimensions during change as consisting of eight patterns. The primary one is "Resilience," with the other seven supporting patterns consisting of "Synergy", "Nature," "Process," "Roles," "Resistance," "Commitment," and "Culture" (Conner, 1993). Weisbord's Six-Box Organizational Model of organizational dimensions consists of "Purpose," "Structure," "Rewards," "Helpful Mechanisms" (coordinating technologies), and "Relationships" (Burke, 1992). The Burke-Litwin Model posits that organizational dimensions consists of: "Leadership," "Organizational Culture," "Systems," "Individual Needs and Values," "Motivation," "Task Requirements," "Structure," "Management Practices," "Mission and Strategy," "Work Unit Climate," and "Individual and Organizational Performance" (Burke, 1992). The four categories presented in this dissertation encompass all of the above organizational dimensions. The research is open to examining any of them which relate to the mental models of the subjects.

The importance of studying and examining mental models is also well established in the literature[1]. The importance of the concept of mental models, according to Senge, is that the way we see the nature of our world determines our responses to that world (Senge, 1993). Bolman and Deal write extensively on the importance of understanding our "frames", i.e. mental models, and having the skill of seeing organizational situations from different "frames" and thereby improving leaders' opportunities to make better decisions (Bolman & Deal, 1997). Oshry examines the mental models of "Tops,

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[1] For more information on mental models please see the literature review on mental models in this dissertation.

Middles, and Bottoms" in the power hierarchy of the organization and the control they have over organizational life (Oshry, 1995).

It's important to note that the research conducted for this dissertation on CEOs and middle level managers is a study of self reports without verification. What leaders and managers discuss, what they actually believe, and what they do in reality may be different, and according to Argyris, often is. Argyris believes that all individuals have personal theories, i.e. mental models, for action, and that these personal theories are assumptions that guide behaviors in organizations.[2] Argyris constrasts our "espoused theories" (what we say we believe) with our "theories-in-use" (what we truly believe) by positing that there may be a large gap between what individuals say they believe, what they actually believe, and what they actually do. Management styles, leadership styles, and political motives and actions are areas where great gaps between "espoused theories" and "theories-in-use" may often be found. The result is that "Managers' talk is often unconnected to their actions. They typically see themselves as rational, open, concerned for others, and democratic, not realizing that their actions are competitive, controlling, and defensive" (Bolman & Deal, 1997 p. 145). What makes the situation even more complex and difficult to deal with, from the perspective of an individual in an organization and those who work with him or her, is that individuals often employ self protecting behaviors to avoid embarrassment and/or threats to their self perceptions,

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[2] See Chapter Four: Literature Review of Mental Models for detailed information.

consciously and/or unconsciously. These self protecting behaviors may "blind" the individuals from their true feelings and motives.

The extent of awareness of subjects' thinking effects their responses to all four categories. Although the subjects may have reported on "espoused" mental models, rather than mental models "in use", this research cannot address this distinction because all reports are based on individual perceptions, not through researcher's observation. The focus of this research is on individuals' mental models and not on evaluation or verification based on behavior.

The following description further explains these four areas.

The Nature of Organizations

The nature of organizations category refers to subjects' perceptions of how organizations operate, what makes them tick. More specifically, it refers to how subjects perceive and understand the relevance and importance of organizations' structure, function, systems and processes, rules and policies, planning and control systems, networks, matrix and other design structures, and relationships among component parts, both in general and in their particular context. For example, one research subject likened an organization to a living organism:

> I view organizations very much like organisms, human organisms. It is a whole and needs to be seen and treated as such. When layoffs occur, you need to focus on the remaining people and what the implications are on them both from a functional point of view, as how the jobs are redefined, and how the fabric

and texture of the organization is put back together so that it will actually work.

It is important to study their perceptions of the nature of organizations since, as Bolman and Deal state, " Like an animal's skeleton or a building's framework, structural form both enhances and constrains what organizations can accomplish" (Bolman & Deal, 1997 p. 39).

The Nature of People in Organizations

The nature of people in organizations category refers to the ways subjects perceive and understand what members of organizations want, what motivates them, how they react to different organizational situations and events, and how group dynamics impact members working in meetings, teams, task forces, and informal situations, both in general and in their specific context. The importance of considering people's needs and motivations was recognized by Douglas McGregor, an early researcher in human performance (McGregor, 1960). He was one of the first to posit that "...people's skills, attitudes, energy, and commitment [are] vital resources capable of either making or breaking an enterprise" (Bolman & Deal, 1997 p. 101). McGregor also posited that “The motivation, the potential for development, the capacity for assuming responsibility... are all present in people. Management does not put them there,” stated McGregor (McGregor, 1960).

Other researchers have written extensively on needs of workers and what motivates them in the work place (Csikszentmihalyi, 1991; Deming, 1986; E.E. Lawler, 1973; Hackman &

Oldham, 1980; Herzberg, 1966; Maslow, 1954; McClelland, 1961; Weisbord, 1987).

The following quotes from subjects demonstrate examples of this category:

> I don't know how to describe it to you , but sort of a shutdown mentality that seems to kick into place when people are unwilling to or unable to accept that the situation is not exactly how they anticipated it to be and hence they have to do some things differently.

> An organization has to be future oriented, you see it with human beings. Human beings can maintain a level of energy and enthusiasm and excitement as long as they are focused on where they're going. Whenever they begin to focus on where they are or where they have been they lose that level of excitement and enthusiasm and energy. And energy is probably the most critical component of driving an organization because that's what has people create value. To think about where they can go, how they can get there, what it is they need to do becomes the critical aspect.

Thus, the category "the nature of people in organizations" will comprise that portion of the subjects' mental models which relates to their perception of individual's personal roles and behaviors within institutions.

The Nature of Planned Organizational Change

The nature of organizational change category refers to subjects' perceptions and understandings of the relevance and importance of change, what causes resistance to it, what reduces it, and what motivates people to support it. Included in this is the role of organizational culture and norms and their contribution to

promoting or inhibiting change. This category also refers to the subjects' understandings about all participants' roles in organizational change, leader, as well as managers and workers. Examples of tasks involved in effective organizational change that need to be considered include dealing with conflict, loss, realignment, and training and will be included in this category.

The following quotations from subjects demonstrate examples of this category:

> I think that leadership is critically important in creating both environment and the broad stroke concepts about where your going and how your going to get there.

> I try to create a set of expectations. We launched a series of planning meetings in which relationship issues were placed on the table and then we initiated on a personnel level a program of personal performance and development plans that allowed me to, with each officer, agree on a change process for each person to a development process.

Self Perception

The self perception category refers to subjects' perceptions and understandings about themselves, their behaviors, motives, goals, and desires, within the context of their organization. This category also includes their discussions about the extent to which they are willing and able to examine themselves as to what they think and how they act in their organizational setting.

McGregor is forthright in his views on the requirement of self perception. In the introduction to "The Professional Manager" by McGregor, Schein stated:

> The essence of the message [McGregor's] is that people react not to an objective world, but to a world fashioned out of their own perceptions, assumptions, and theories of what the world is like. Managers, like all the rest of us, can be trapped by these assumptions into inappropriate and ineffective decisions. [by] "... releasing us from this trap, by getting us to be aware of how each of our worlds is of our own making," we would then be free to make better choices (McGregor et al., 1967 p. xii).

The following quotations from subjects demonstrate examples of this category:

> Oh, then I am a good leader, because I'm telling you, I could be a Jonestown type leader. These are fairly sophisticated people here, but I really believe these people would follow me off a cliff if I asked them.

The same subject contradicted herself later by stating:

> I see this mistake coming. I left her a long voice mail message, 'X, this is Y.' Now she needs to hear a voice mail message coming at 11:00 at night. 'I was looking over your memo and I am a little bit concerned about your meeting tomorrow.' Rather than, 'I think it's great X, that you're meeting with these people. I love the idea that you're working through these people, good luck.' That's the right message. But instead I'm saying , 'Do you know what your plan is and I'm just concerned .' She probably listened to that message and thought 'I don't believe this bitch.' Yeah, that's so anal.

Another subject states:

> So even though I'm 50 years old, I continue to be able to screw up and find things I managed to overlook along the way.

Data Gathering, Sampling, and Analysis

The research plan was to interview leaders of five for-profit companies and one, or a maximum of two, of their middle level managers in each firm of companies currently or recently experiencing transformational change.[3] For a company to be qualified for this research, they had to meet two criteria. One criterion for determining the existence of transformational change is, in part, a subjective one. As Kanter et al. state, people need to perceive that transformational change is taking place, as opposed to other types of change such as "small-c" change (Kanter et al., 1992). Further, what may be considered transformational in one organization may not be perceived that way in another. Therefore, interviewed subjects had to express their understanding of transformational change and perceive that their organization had recently or was currently experiencing transformational change. The other criterion for determining the existence of transformational change deals with certain empirical aspects. These include the presence of changes in fundamental ways the organization is run, changes to patterns of behavior of its members, and changes in accepted norms and values professed by its members. Examples of empirical evidence of transformational change include companies undergoing "downsizing," reengineering, implementation of team based management, rapid growth, and entrepreneurial start-ups.

The companies that participated in this research were not randomly selected but were determined upon availability. It proved

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[3] See Chapter Three: Literature Review of Organizational Change for detail description of transformational change.

to be quite difficult to gain the participation of organizational leaders in this study. Without the help of one organizational leader and one member of my dissertation committee it would have been impossible to complete this research. Their connections were invaluable. Several interviews fell through and the committee decided that four companies with ten interviews was sufficient. The questions were designed to be open ended and the same set of questions were used in every interview (see Appendix II). The questions, although set up in a specific sequence, were really only guides for the researcher to be certain to cover the desired material. In every circumstance, the interviewed subjects covered all aspects of the desired material with a minimum of prompting. All interviews were audio taped, duplicated, and later transcribed. Interviews of organizational leaders took place in their offices while the other interviews usually took place in meeting rooms. Duplication of the tapes turned out to be critically important since one transcriber accidentally erased three interviews before transcribing them. A cover letter was sent, usually by fax, to each interviewee (see Appendix I). The letter described the intent of the interview, guaranteed anonymity, and defined planned transformational change. This research adhered to human subject conventions as stipulated in Lesley College regulations for such research. Interviews took place between November 13, 1997 and March 5, 1998. The duration of the interviews varied from forty minutes to one hour and forty-three minutes. Reliable and prompt transcription services within budgeted guidelines were difficult to find. This accounts for length of time of up to four weeks after an interview for the transcription to be

produced. However, notes were taken about the interview and my perceptions of the interview situation immediately afterwards, usually within two hours.

Data

The interviews were essential for capturing needed information that would be used to establish the congruency or the degree of incongruency between espoused theory and actions of organizational leaders. The interviews of the middle level managers were used, in part, to determine the actual actions and behaviors that leaders manifested. Other material was utilized to gain insight into the leaders' thinking, actions, and behaviors including annual reports, advertising in the mass media, firms' Internet home pages, and internal company memos where available.

To facilitate the coding of each transcription HyperResearch was utilized (Dupuis & Hesse-Biber, 1994). Although this software can not accomplish some of the operations and analysis that other software such as QSR NUD*IST can, it fit my purposes of easily coding the interviews and then grouping them according to each category.

Coding

I found coding personally to be an intense and difficult exercise to accomplish. However, as I proceeded with the coding work, I became much more adept at selecting codes and hence the process seemed to become more accurate (see Coding Accuracy below). The development of the codes beyond the four main categories that I had predetermined that I wanted to investigate was an emergent process, that is, codes developed from the interviews

themselves. As coding proceeded, no new codes could be derived from the transcription material, a few of the existing codes were removed, and in a few cases wording was changed to better reflect the concept they represented. The HyperResearch software previously referred to enabled the comparison of coded material throughout the coding process. This enabled me to constantly refer to and check the codes I selected against previously coded material. This assisted in the consistency and accuracy of code selection.

Coding Accuracy

A sample of interview material was utilized as a test for the purpose of determining the accuracy of the researchers coding (see Appendix D). A total of 20 samples representing each leader and each of the four categories were administered to five adults. The test subjects were requested to choose any four of the samples and code them according to the discussion conducted before the test and using the reference material handed out to them. Thirty minutes were allotted for testing. The results of their coding were compared with the same material previously coded by this researcher. Correlation's were obtained in the 75% range between the total test subjects and this researchers coding.

One problem that I was confronted with repeatedly was that a particular interview segment could be selected as representing more than one code. When this happened the selection was duplicated and assigned to the appropriate codes. In the test described above, interview selections with more than one code assigned was kept to a minimum.

Validity and Reliability Issues in Qualitative Research

The issue of validity in qualitative research is a complex one (Altheide & Johnson, 1994). Positivism justifies the use of quantitative methods in the social sciences by citing experimentation and theory making process of the hard sciences such as physics and chemistry. Positivists seek the discovery of universal laws that explain actual or real events in the world. These real events are explained in an inductive manner by universal laws (Altheide & Johnson, 1994). The concepts of reliability and validity are closely linked since reliability or the stability of methods and results indicate the validity or accuracy of findings (Altheide & Johnson, 1994). In other words, positivists approach the study of social science approximately the same way that scientists approach "hard science." Positivists' methodology attempts to discover laws about people and society in a manner similar to "hard science." Therefore, when an experiment that "proves" a universal law is repeated by others and the same findings result, reliability is established. Validity is also established by this process since a reliable experiment is likely testing the intended phenomena.

Other schools of thought including postpositivism, postmodernism, constructionism, feminism, and phenomenologicalism differ in their views of qualitative research and the issue of validity. According to Hammersley, a scientific ethnographer, "An account is valid or true if it represents accurately those features of the phenomena that it is intended to describe, explain, or theorize... All knowledge and claims to knowledge are reflexive of the process, assumptions, location, history, and context of

knowing and the knower" (Altheide & Johnson, 1994 p. 487-488). In other words, validity depends upon the intent of the research or from what frame of reference the researcher approaches the research. Validity also depends on the audience/community that is interpreting the research. Since reality is a social construct according to the schools of thought mentioned above and the researcher cannot exist outside of his/her assumptions, the idea that knowledge needs to be valid does not seem to be an applicable issue to these schools' research (Altheide & Johnson, 1994).

This paper attempts to present a rich description of leaders' thinking in their own words. Through analysis of descriptions of leaders' actions from other managers and my perceptions including that of their organizational situation, accurate mental models are constructed and described. By strenuously striving for authenticity and accuracy, I believe the knowledge presented here is useful in addressing the purpose of this research.

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CHAPTER SIX: RESEARCH FINDINGS

This chapter presents the data collected from interviews I conducted in four different companies and ten subjects. This data consists of coded interview statements of the subjects taken from interview transcriptions and my perception and explanation of their meaning as it relates to the four categories previously defined and the codes within those categories (see Appendix C for a list of codes). In this manner, the mental model of each subject is developed and presented. Finally, a comparison of the mental models of the subjects in each company is presented.

Although it was necessary to edit the transcripts for clarity of expression, I believe that the subjects' statements, as presented here, represent an authentic and accurate representation of the interviewee's words and thoughts while preserving each subject's "voice" or their unique way of expressing their thoughts and ideas.

Each company is described in turn with the CEO or president presented first with a description of my perceptions of the company. The other member or members of the company follow.

CORPORATE HEADQUARTERS CASE

MENTAL MODEL OF JOHN

Introduction to the Enterprise

This enterprise is one of many direct marketing companies that have proliferated throughout the United States in the last 30 years. These companies operate in a number of different ways depending upon corporate proclivities. Usually the corporate office produces or acquires products and sets policies and procedures under which the sales forces operates. Corporate offices also set sales profits and bonuses, and do most of the advertising. The field sales force are independent contractors. The sales force offers products to potential customers at "home parties." Some direct marketing companies are regional, others national, and some international in scope and operations. Some of the best known examples of direct marketing companies are Mary Kay Cosmetics and Tupperware. In order to preserve anonimity of the subjects who kindly opened their doors to this researcher, details about corporate headquarters have been disguised or omitted, including its products.

This company which directly markets products for the home, had been successful for many years in terms of business growth and profits earned. Some years ago growth and profits leveled off and the corporation then began to decline quickly. The company was close to failure when it was purchased.

A new executive took charge as president. He came to the company about three years prior to the interviews conducted for this research. During this time, the company has undergone tranformational change; however, since transformational change is not an event but a series of phases or stages, corporate headquarters continues to undergo transformational change as the company develops and grows with John's leadership (Kanter, Stein & Jick, 1992; Kuhn, 1962).

The corporate headquarters, located in a suburban setting, is modern, professional, and stylish in appearance both externally and internally. Inside, the building is spacious with a feeling of openness. The offices and cubicles are color coordinated in soft pastels with a modern style to the office furnishings. It has a warm, friendly feeling while simultaniously appearing business like. The amenities are nearly lush with microwave ovens and refrigerators for personnel use and plenty of free hot coffee and bottled water.

The working atmosphere at corporate headquarters is one of constant activity. You don't see people hanging around water coolers, but this doesn't mean people are all business. Humor is a major component of the organization's culture and it runs throughout the corporate structure, being examplified best by the president. He has a good sense of humor as do many of the executives and other personnel. At meetings, laughter is always present.

Another component readily visible throughout the company is one of caring; caring about each other, the business, the opportunity it provides for a satisfying work environment, and personal achievement while earning good salaries. Again, this is perhaps best

examplified by the president; people reported that this caring attitude preceded the president's arrival and was an important part of the culture, but under the strain of financially bad times, it dissipated.

John's Mental Model

John is the corporate president. John's mental model was written by collecting information from two one-on-one interviews with him, perceptions of middle managers about him, and information from other personnel in his company.

John demonstrates his strong understanding of what planned organizational change is, how to make it happen, and what his role as leader should be. He shows this through the issues and topics he considers important and the actual content of his discussions. John perceives that his company has been successful in transforming itself from a company whose sales were at best stagnant, that was unable to solve effectively routine problems, faced poor labor relations, and dealt with a rigid corporate way of thinking imposed from the former parent company. Although John sees the company still needing to grow and improve, particularly in project management and developing leadership at all levels of the organization, it has dramatically increased sales, improved ability to resolve issues, developed collaborative labor relations with the union, and has altered its corporate structure and culture to become more flexible and adaptable.

Nature of Organizations

John indicates an understanding of organizational and business fundamentals in terms of how organizations operate and the structure and function of systems and processes.

- There wasn't an awareness here that the company was deeply troubled but the **informal structure was sort of self reinforcing of the way things had always been done**.

- If you don't have people who are good at **managing projects** you can create the environment all day long, and you don't get the accomplishment of tasks done in that environment. I think the focus and priorities have been right, but many of the projects just haven't been accomplished including **refocusing of sales programs, refocusing marketing programs, etc., etc**.

Additional information on John's mental model of the nature of organizations is provided by the following anecdote which he told me. This story relates his conception of the need for management to gain a deep understanding of organizational systems and processes. It also shows John's innovative approaches and risk taking in attempts educate his management team.

John challenged the management team to become sales representatives for two months and to sell $1,350 of products. If they accepted his challenge and succeeded, he would take them and their spouses to New York for dinner at the Four Seasons restaurant, drinks at the Intercontinental Hotel, and a night at the Waldorf Astoria. By becoming sales representatives for two months, the management team would have the opportunity to experience first hand the challenges that the sales force routinely face. They would

be able to learn how the existing processes and systems actually work to help and/or hinder their sales efforts.[1]

Nature of People in Organizations

Understanding Resistance

John indicates, through his discussions, that he has a strong grasp of how people function in organizational settings and the factors that contribute to why they act the way they do.

- **My sense of it is that it is less active resistance in most cases than it is a sort of enemy kind of response; don't know what to do, don't know how to do it. Hence people tend to shut down.**

- I find virtually throughout this organization at this point, that **there is a bit of denial about where we are at this moment** and hence what we need to do is to get ourselves onto an appropriate growth track again.

- I guess the way I would characterize it, the organization began to decide they couldn't deal with that issue, that it was just too hard and too complex to deal with and hence **there was an increasing level of indecision**.

- There's a certain shutdown. I don't know how to describe it to you, but **sort of a shutdown mentality that seems to kick into place when people are unwilling to or unable to accept that the situation** is not exactly how they anticipated it to be and they have to do some things differently.

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[1] Italics are used to retell information John provided outside of direct quotations used.

Understanding Organizatinal Dynamics

John shows that he understands the interplay of forces of various factors such as interpersonal dynamics and business structures within organizations. He sees in his company organizational dynamics being driven by sales results instead of by leadership and planning. The following statements demonstrate this.

- **Self esteem and the self confidence of the central organization has largely been driven by the results that were coming from the field.**

- **Focusing is very difficult in this environment** because there is still the sort of natural tendency to try and find out what's wrong versus finding out what's right and they focus on dealing with symptoms rather than dealing with issues.

- Well, there is a fair amount of firefighting; there is also a lot of finger pointing which is probably the most destructive aspect of this. It's sort of like one's heart attacking one's liver, saying the liver isn't doing it's job, that's why everything is fucked up, and I've come to the conclusion after all these years in management that **when times are less than good there's an almost natural inclination for that to happen and it requires an enormous effort by management and leadership just to keep the organism from almost self-destructing.**

John believes that interpersonal dynamics when destructive, can impact the entire organization. The following statement demonstrates this thinking.

- While it's not an easy group to manage, it's been particularly troublesome **because of some dynamics both in personalities,** of both the new people I introduced and the people who have

been here. **The compound complexities of interaction of human beings within the organization**. And once that heat versus light thing starts to happen it has very, very strange ramifications throughout the organization and righting that can become a full-time job.

Understanding the Need for Achievement

John understands that people strive to achieve and that this striving is an important factor in transforming organizations. John tries to create an environment where people can succeed.

- And energy is probably the most critical component of driving an organization because that's what has people create value and **thinking for themselves about where they can go, and how they can get there. What it is they need to do becomes critical.**

- I have an aversion to telling people what to do, because I **don't think that's generally constructive in creating a long term environment in which people succeed.**

Although John has the company offering generous incentives for achievement, he believes that it's important to create an environment where people think for themselves and value their own success as well.

Others View of John

Another CEO, whom I met, describes John in the following way.

- I really find John to be a good example of someone genuinely kind. Even though I've never had a people conversation with John, he is very sensitive and open. Not the typical guy, I gotta tell you. Most of the guys are much more focused on territorial aspects, and I know it's stereotyping.

Understanding the Nature of Planned Organizational Change

Understanding The Value Of Recognizing The Need For Change

John understands the need for organizational members to believe that there is a reason that the organization must make changes. This is demonstrated by such statements as:

- The company had been failing and **there was an expectation of employees that unless things changed, the company would fail.**
- There was not the normal inertia among the employees that one encounters in an organization which is at least reasonably satisfied with its progress. There was **a reasonably fertile environment for undertaking refocusing and changing of the company.**

Understanding The Importance And Value Of Leadership And Management In Organizational Transformation

John recognizes the need for leadership, as well as competent management, at various levels within the organization, not just at the top, by stating that:

- X is a very competent administrator. Unfortunately, her personality and **approach is more managerial than leadership**.
- You need to **lead your group in terms of** providing focus, the framework, and inspiration based on combinations of various rewards and recognition that will have them aspire to do well, both in their own terms and in organizational terms. **Without that leadership, one falls into a situation where you're sort of constrained by the limit of your own [CEO's] capabilities and time.** And I don't care who the individual is or how capable they are, in a organization such as this, **one has to be able to delegate effectively,** that is to be

able to rely on individuals to make good solid creative decisions on an ongoing basis in order for the organization to function. This is one of the issues that we are dealing with right now Steve, that it becomes increasingly dependent on the leader. You very quickly reach the limit of what that one individual, again regardless of how competent they may be, can do, and that is as true in a function head as it is in a CEO.

- I think it's an interesting arrangement between Ed [manufacturing vice president] and Bill [human resources vice president] because **Ed is a leader and John is much more of a manager.** They have really complementary skills at least from my pint of view. **Bill is** a very very strong almost **task oriented manager**, while **Ed is much more of an inspirational leader.**

- I think leadership is critically important for **creating both environment and the broad strokes concepts about where you're going and how you're going to get there.**

- **If you don't have the vision about where you're going, the pieces that you're doing today are likely to be random**. If you don't do the pieces you need to do today, you're not going to get to your vision.

John understands that leadership skills are needed for transformational change to occur. John is able to perceive differences between management skills and leadership skills and that each brings certain needed aspects to transformational change.

Understanding Planned Organizational Change Concepts

John indicates that he grasps many of the fundamental activities and tasks involved in implementing transformational change.

- A restart of knowing what we know now, **a refocusing and restart on those things that are going to be most critical to take us** from where we are now to the next point.

- Now if that management style is adhered to, too rigidly, it can become problematic because the need of **the business is evolving particularly as you go through change.** However, if you don't have it at all, your evolution becomes much less focused.

Understanding Organizational Culture

John indicates an understanding of organizational culture by recognizing differences in corporate cultures and that certain types of organizational cultures can be problematic for him in running the company as he wants to.

- Basically as you are aware that X [another company] is a company that had **a very corporate kind of environment**.

- I think a big part of **it was cultural**, not in the sense of Sally being African American, but in the sense of having **grown up in a culture that was much more directive** at X, versus one that is more a **negotiating culture**, which it is in our case, and Sally became quite frustrated and could become quite rigid when confronted with someone who disagreed with her.

- The reality of that situation was that we needed to lead the field organization and refocus their efforts. **Because of all this baggage, meaning the strong corporate culture Sally came from, she couldn't do that effectively**.

- **The way business was being handled had sort of entrenched itself** in terms of issues that were just not being dealt with on a timely basis and decisions not being made. All this is sort of

a malaise that effects an organization that has lost its confidence in itself.

Several anecdotes related by other people in John's company add further evidence of his mental model in this category. In the example below, Tom [a sales director] illustrates John's understanding of his role as leader of the organization, the need for open and honest communications, and the need for people to work as a team.

John perceived the need, when he first took over the company, to change certain aspects of the existing culture as he perceived it. He wanted to gain all pertinent information about the existing situation but was blocked because managers and directors were used to protecting themselves by managing the perceptions of the former president. To accomplish this, John held a number of long and intense brainstorming sessions with the management team. He facilitated these meetings to bring out all of the problems and issues facing the company. He demanded honesty from everyone and patiently reinforced this aspect of the new culture that he desired until meetings became productive and insightful. John did not take the approach that he was the expert because he freely admitted that he had little understanding about this kind of business. He showed respect for the management team's knowledge of the business by actively listening to them without rejecting any ideas. After approximately three weeks of problem solving and planning meetings John with the management team began implementing the turnaround.

Understanding One's Own Role

- **We had never really dealt with that [problem] well and here I will take however much responsibility there is to take on that.**
- **I realized a fundamental change was needed, but what I didn't do as well as I needed to, in retrospect, was to force the**

> **editing process**. That is the underpinning of fundamental change so that what indeed happened was the addition of new initiatives versus the replacement of the old for the new.

John indicates that in his role as CEO he felt was not forceful enough with others to bring about sufficient scrutinizing in the way the company dealt with certain issues.

Understanding the Need for Rewards and Recognition

In addition to the previous example of the rewarding of the sales representatives, John told a story of the need for appropriate and prompt rewards and recognition to reinforce desired behaviors.

During the first year under his leadership, John challenged the executive team with a high quarterly sales goal. Divisions that reached their goal won an incentive trip to the Caribbean. The top five divisions were given money to celebrate being the "Best of the Best" with their groups. Of the 100 Divisions, 75% made their goals. When the goal was surpassed, John distributed bonuses to the sales directors and came in on a Saturday to sign the checks so that they would be received the following Monday morning.

John believes that positive reinforcement is crucial in his organization. It is important to John to create an environment where people can safely take risks and, at the same time, where success is rewarded and failure is seen as a learning experience. The following statement clearly shows this.

- The **environment that's been created is one that is not punitive, and reinforces success rather than punishes failure.**

Perceives Successful Change

John perceives success in the company's transformational efforts.

- Overall, as one looks back at the **results of the last three years, they are clearly positive**. We've got a company that's nearly twice the size that it was three years ago. It is significantly profitable; it has a very positive cash flow, and **the expectations have been increased significantly.**

Self Perception

John is introspective and self aware of himself as a leader, manager, team player, and human being. He is conscious of his role in rebuilding and revitalizing his company, but downplays the size of his contribution. In particular, he underestimates, at least in conversation, his impact on his company's transformation. In other situations where I had the opportunity to discuss briefly his contributions to the turnaround, he insisted that he didn't do it alone; the other employees made it happen. However, it is his ability to create an organizational environment where others can succeed that seems to me to be truly his major contribution.

Seeing Oneself as Leader

Throughout this interview, John demonstrates that he sees himself as a leader. An additional statement also indicates this.

- **What I'm doing right now is sort of encouraging and kick starting** by saying that **we are in control of our destiny we have to do this and make it happen**.

Philosophy of Living

In a lot of our discussions, John places his thoughts about business and people in the larger context of our whole lives. The statement following is a clear example of this.

- **Those who maintain a focus on accomplishment in whatever sense are considerably more alive in my view than those who have lost that focus on accomplishment.** People well into their 70's, 80's, and 90's, can be very alive and vibrant and terrific. All of that relates to their continuing to focus on moving forward. The flip side of that which we've all seen, is someone who stops focusing and in essence becomes passive and/or only reflective about their past and tends to be much less vibrant and alive and is actually moving toward death rather than continuing in life.

Self Awareness

John tends towards self deprecation. However, he is well aware of his abilities and where he needs to be dependent upon others.

- The next stage that needs to happen **which I'm less good at, and have more dependence for having people around me who are good at it,** is to convert that into a reasonably specific managerial plan of projects, and project objectives that need to be accomplished.

- **I have my faults,** but one of them is not that I have difficulty dealing with reality.

- So I got hoisted in some respects by my own petard in as much as **I probably wasn't tough enough on people in terms** of demanding that either the damn projects be managed or that I'm going to replace them.

CORPORATE HEADQUARTERS CASE

MENTAL MODEL OF JANE

Jane is the director of customer service having joined the company to take that position 18 months prior to this interview. Jane's mental model was written by collecting information from one interview, from other personnel in the organization, and personal observations by this researcher during the interview visits.

Much of the interview with Jane C. was spent, at her initiation, discussing the topic of leadership. Jane C. has used her leadership skills to focus on improving the customer service operations. She appears very business-like, efficient, yet thoughtful and friendly.

The Nature of Organizations

Understanding Organizational Systems and Processes

Jane mentioned several recent issues related to management planning and organizational processes and systems such as antiquated reporting systems, lack of measurements, and strategic planning. She was hired to correct these issues. This is demonstrated by such statements as:

- We did some **market research over the past year to determine what we should be doing,** what we should be offering especially comparing ourselves with some other very active and growing companies.

- Customer service prior to me getting here did not have **service level statistics**. They are a call center environment yet didn't know how many calls they were handling, what their

service level was in handling calls, and what the vital statistics were for operating that area. **They had a system but the system was so old** and was so wrong, that for years it ran while they knew it was garbage and the numbers they were getting were garbage.

The Nature of People in Organizations

Jane demonstrates in our discussions an understanding of what motivates people and what their needs are in the work place.

Sensitivity to Others' Feelings and Emotions

Jane shows a sensitivity to people's feelings. In the following statement, she focuses on one of her employees who is concerned for her career because of her illness. Jane doesn't dwell on the possibly negatively impact of the illness on her organization, but shows support and compassion for the employee.

- I had someone who recently underwent cancer treatments. She's a trooper. She was undergoing radiation and still working half a day for the six weeks that she was having treatments. And she was very concerned about the impact of her disease on her future in the company. She talked with me about what her career goals were and what she wanted to do and how she felt this was really going to throw a wrench in everything. **The kind of things that I shared with her were, of course, you know that's not you primary concern right now, what you need to be concerned with is getting well and, as far as your career, we can absolutely work on a plan to keep you on track for where you want to be,** what you want to be involved in, even if you are out of commission, so to speak, for the next six weeks, that's, six weeks out of how many years

have you been here and how many years you will be here. That's not significant.

Understanding the Need for Rewards and Recognition

Jane indicates her understanding of the need to positively reinforce desirable behavior. She encourages her employees by recognizing their efforts and giving kudos for their accomplishments.

- **I'm very, very quick to compliment them** by saying 'I'm so glad you took the initiative to decide that; that's the same thing I would have decided.'

- I compliment them for coming to me about things like that. **'I'm glad you feel so comfortable to come and talk to me about it.'**

Understanding Organizational Dynamics

Jane indicates the need for an understanding of organizational dynamics, particularly interpersonal ones, that exist in organizations. This is demonstrated by the following statement where she acknowledges her need to earn the respect of her employees, realizing that first impressions are important.

- You may have noticed I'm kind of young and when I came into this position, I'd been in a management position for about 8 to 10 years at different companies. **It's very important for me first to earn respect of the group; that's probably my biggest challenge when I first come in. People have a tendency to quickly judge, oh she's young she couldn't know what she's talking about.** I don't want people to focus on my age. I want an opportunity to earn their respect by my knowledge and experience from previous employers, from education, and whatever.

Jane understands conflicts that make it difficult to gain agreement among people. This is demonstrated by the following statement:

- But then on the other hand you can never get them to agree about anything. **There's so many different organizations and there's so many different business structures out there that any one decision we make is not going to satisfy all of them.**

In the following statement, Jane seems to indicate her need to show her respect for the people in her organization when she first joined the company. This statement also shows her understanding for developing good communications with them, starting with demonstrating good listening skills.

- They actually have said to me since then that a lot of the questioning techniques that I used actually felt very nice because **it meant that someone new coming in wanted to hear about how things were being done** instead of assuming that it's just like every place else.

The Nature of Planned Organizational Change

Understanding Leadership and Management

The conversation with Jane was dominated by discussions about leadership and management. Jane often related what her leadership style was, how she used it, and what results she expected to attain in leading her department.

In the following statement, Jane describes how she persists with her "direct reports"[2] in trying to get them to consider and then accept a change to extend the hours of customer support. Her style seems to be one of finding out what their issues are about the change and forcing them to challenge their thinking. Jane understands that people need to see that the change is necessary before they are likely to accept it fully. She appears to try hard at getting her management team to understand the need for the change.

- I never dropped the idea. I mentioned it to them every once in a while. What do you think; don't you think we need to do this? What do you notice about other places that you call. **Finally, I realized why they were cringing wasn't so much extending the hours and staffing** and the additional stuff that comes along with that, as much as **it was their own security of hours that they would work. That was what they were concerned about.**

Jane covers several key issues involved in accomplishing organizational transformation in the following segment when she discusses developing leadership in her direct reports. One is ongoing communication with her department. Another is creating leaders at all levels of the organization. A third is subordinate decision-making and involvement in planning and implementation.

- **I try to ask questions of my supervisors and managers to get them talking with those who report to them, in order to lead them in a particular direction**. It sounds like diplomacy or manipulation, but it's really very effective because, after all, it's their decision and it wasn't mine, even though, I planted the seeds. It was their decision and they're much more willing to accept it.

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[2] Meaning her work with people who directly report to her.

Jane seems to understand when it is necessary for her to make a decision, even if her organization isn't ready to accept the change she purposes. Even in these situations, she includes her group in designing the implementation plan.

- There have been times when I think I've felt it was critical to the department in a way that they could not notice, but because of my experience and how I want the department to be viewed by the rest of the company I have made a decision for them and I've said, 'listen, you know we've talked about this several times. I feel we've got to act on it. We cannot wait any longer to do it.' Like the evening shift, **I feel that we need to do this now and I want them to help me put together a staffing plan, rather than delay the process by continuing to try to get their input.** I guess I feel I have to make that decision and then I can get their participation.

- **I always try to get their participation or get them to think of the change and then get them to implement it.** Depending upon the business needs and time frames, I determine whether or not I'm going to force the decision and make it for them, and then help them put together a plan. Or I may keep playing with it for a while to get their input, and get them to think about how to implement it.

Jane attempts to create a work environment that supports risk-taking and rewards her managers' efforts to develop their managerial skills. This is demonstrated by the following statement:

- **If they make the wrong decision, that's a lesson learned for all of us,** and if it was a costly decision, I won't have to teach them again. I consider it training money well spent.

Jane shows a fundamental understanding of how to bring people together to work as a team. As the statement below indicates, sharing and understanding each other's roles, responsibilities, and missions helps accomplish team work.

- I had to address with them their positions, their responsibilities, their roles in the company and if they didn't understand these things we needed to talk about them. We define our roles and we create mission statements for each department. **We worked on it together to enhance team work by understanding each other roles and responsibilities.** I didn't write their mission statements for them I helped them the same participatory way I talked about before.

Jane recognizes the need for effective leadership at the highest levels of the organization. In the following statement, she discusses the problems that result at her level when top level leadership is ineffective.

- **I want our senior executives to be our leaders**. If they cannot get along on issues, then surely it shouldn't be a surprise if some of their direct reports aren't getting along on issues too, because you know, it stems from the top.

Several of the senior executives whom she felt were ineffective were indeed replaced by John after he had given them ample opportunity to improve their performance.

Understanding the Need for Communications

Many of the comments that Jane made in this interview show her understanding for the need to communicate well with her subordinates. Many of her comments show her skills at eliciting information and gaining understanding of subordinates' thought processes. In the statement below, Jane also lets her management team know that she is available to support them.

- **I meet with my direct reports maybe once every couple of months, just to ask them how's everything going in their areas**; how are they

feeling about things; what's concerning they right now; and how they see their biggest projects going. I also ask what can I do to support them and if there's something that they need more support from me on.

Besides informal communications, Jane states that formal communication is important too. The two statements below relate to this.

- **We've also implemented in both customer service and order entry, quarterly performance appraisals**. Representatives who I have working in customer service and order entry need to know what our expectations are even more so than say a manager or an executive.
- Customer service and order entry **need regular feedback on how they're doing,** and we need it as a department to improve our service.

Understanding Resistance

In the two statements below, Jane demonstrates an understanding of employee resistance. In the first, she shows an understanding of how people react to ongoing change, and in the second, she believes that being the new manager of the department, she won't face much resistance.

- Some of them are very committed to this change. We have new 'Easy Ideas' coming out all the time, every month there's a new 'Easy Idea.' **I think it's really impossible for us to expect them to keep up with every new 'Easy Idea.' They will latch on to the ones they like best and they will continue using them repetitiously, and that's what I see most of them doing.**

- Initially, I think they were eager to please and they were kind of anxious to see what kind of person this is that they would

be working for. **So they were trying to do everything they could to please me so they weren't going to resist anything.**

Need for Change

In many of the discussions, Jane indicates the need to improve her department and the reasons for doing so, particularly to improve service to their customers. Jane discusses frequently with her department the need to change, sometimes drastically, how their department operates. The following statement bluntly indicates with plain language about this situation.

- They had a system but the system was so old and was so wrong that for years they knew it was garbage, **the numbers they were getting were garbage.**

Perception of Change

Jane believes that her and her department's efforts have been, at least partly, successful. This kind of statement, as the one found below, goes hand-in-hand with recognition she gives to her employees of their accomplishments.

- I think we have a ways to go, but **I'm very pleased with the performance appraisal process we've put in place and with the feedback that we've tried to provide to the rest of the company.** We have reports that are circulated to the executives and sales directors on a regular basis. We have voice mail messages that are circulated to them weekly letting them know what's going on with this, that, and the other; information that they were not getting before now.

Understand Need for Team work

Throughout our discussions, Jane speaks frequently about team work. In the selections below Jane first defines what team work means to her and then gives two examples of the importance of team work to accomplishing her department's goals.

- Teamwork means if you and I are on a team together, I'm **sharing with you what I'm doing.** If I'm doing something that's going to effect you, then **we work together to make decisions. I don't operate autonomously** from you and make decisions that have an impact on you and then fight with you about it when that happens. You and I may not agree on what play we should make, at which game, but **you know what direction I'm going to go with this decision and why I'm doing it.** We know each other's reasons and we're not quick to judge.

- The benefits to me of taking that approach is that **I develop another self, an empowered team.** It's not a team that, when I'm out of the office or when I'm pulled away for another project, I need to answer every question for them. **They learn how to work on their own.**

- We have a distribution center in another state and **the distribution center director and I work very closely**. Now in most companies we're at each other's throats all the time because if you don't ship something and I get a call about it, I'm mad at you about it, or you key something wrong and I have to fix it. We're very very fortunate to have a marvelous relationship. We disagree about things; he causes me some problems and I cause him problems, but **we really have a good working relationship. We can tell each other the truth,** there's nothing political between us. There are no hidden agendas between us. We want to get the job done. I feel that same way about most of the other people I work with. Actually, for us

> where I work, I feel that way about everybody. All of the sales directors, all of the marketing department, the sales department staff, all the finance, all of the different departments seem to work very well with me, and I with them.

Although Jane finds it valuable to develop teams, she also indicates that an over dependence on working as a team can have a detrimental impact upon the business. The statement below concerns such involvement of field sales people.

- I think it's been a limitation to our success in that **they are so involved in making decisions that they may not fully understand** and **it's too hard to get a consensus** from them so only the loudest ones get the vote. I think that hinders us.

Self Perception

Jane makes statements that indicate she understands her own goals and motives as leader of her department. She thinks about how others see her, is introspective about her plans and actions, and is aware of her impact upon others.

Ability to See From Others' Viewpoint

As a manager, Jane shows concern for how her subordinates view her. She doesn't want to appear condescending, not only because it's not in her nature, but because it is destructive to the team approach she is trying to build.

- I don't want to be condescending to them at all. **I'm very careful about that and so far I've not had any feedback from them that they feel I'm being that way.**

Seeing Oneself as a Leader

Many of the statements that Jane makes in this interview show evidence that she sees herself as a leader. As leader, Jane discusses her leadership style of coaching, guidance, setting goals, and supporting her people in reaching them. She sees herself striving towards greater accomplishments. Taking a leadership position is normal and comfortable for her. The following statements demonstrate these points.

- I **coach and kind of guide them**. If I don't feel they're coming to the right conclusion I help by dropping hints.
- If there's any contribution I can make to corporate headquarters it's for **that group to run independently and to run well**, so that anybody can step in and keep it running.
- **This type of style to me is very normal, it's what I grew up in**. This isn't the case for my management team; they're used to people who tell them, 'here's what were going to do.' I won't do that. I said, 'you make a proposal to me of what you think we ought to do, I will discuss it with you and talk about what are our options and I will help you come to a final decision that you are comfortable with, but I'm not going to sit here after only hearing a few of the facts from a very emotional conversation and make a decision for you.'
- I need to focus more on productivity. I focused a lot on the softer things: their ability to manage their groups; their ability to appraise their groups. I haven't really pushed them or myself. **We've got productivity standards but I haven't pushed us to exceed those standards.**
- **I quickly assessed who I thought were my strongest and weakest players**, I also managed to help them go to certain

seminars and training classes, and I've conducted some training classes on how to do performance appraisals.

- **In one way they are very loyal.** They appreciate, I guess, my confidence in their abilities to do things and they appreciate my support of them. Now, we disagree on things and often times I may go to them and say, 'You know I'm really concerned about your approach on this project. Let's talk about what some of the others issues are from other departments like marketing, sales, whomever, and look at what's important to them. I know what's important to you, but let's look at it from a big picture.' **That's mainly what I've seen my role being is to try to bring a bigger picture to them.**

Perhaps Jane feels some level of ambivalance between the leadership style she describes, and what appears to me to be her tendency for power and control.

- From the way that I manage I'm not the kind of person that holds onto to power that much. Power and titles mean nothing to me.

Also, she describes her concern for gaining the respect of her people, yet also states she doesn't care if they like her or not.

- I ask them how do you feel things are going in the department; what concerns you, what doesn't concern you? To me that's what I'm concerned about. I don't really care whether they like me or whether they don't like me. **I'm just concerned are we getting the job done.**

Self Awareness

Jane is aware of what motivates her and what gives her satisfaction, which is leading her department, developing her people, and accomplishing goals as a team. She seems to be aware of her

strengths and weaknesses. The following statements demonstrate these points.

- **I'm motivated by accomplishment** and that makes me feel accomplished.
- I mean I consider them and the front line group. **They really know more about that department than I do** and I think that's the way it ought to be.

- They said that it's just easier if I tell them a solution. And I said, 'yes, but that's not really the way it should be is it, **I'm not going to know always the best solution for you**.'

- It's like when your child speaks their first word, **it's so gratifying for me to see them develop**.

Ability to See From Another's Viewpoint

Jane demonstrates in the following two statements that she considers how others feel and think about working in the organization. The first statement indicates that she understands that some people in her department are not likely to be as open as needed in communicating their needs. Jane anticipates their difficulty and tries to find a solution. In the second, Jane expresses an understanding of how difficult the situation is for the president of her company and the pressures he has to deal with.

- I'm not asking them to tell me, 'You did a lousy job supporting me on this project.' **I'm trying to give them an easy way of saying that.** Instead, I say to them, what area can I give you more support in? I know that a couple of them, if they have felt that there was something going on that I wasn't supporting them enough, they'd come to me and say it. They've said, 'You know I've got this such and such going on and I really need to know how you feel about it, and your

opinion about it and your opinion about my performance in it as well.'

- I feel for him [the president] that that's an enormous amount of pressure to have. I've mentioned before you can never make them all happy. Somebody's complaining about this, somebody else is happy about that and they're never all happy, so **I feel for him being in that role.**

View of the President

The following statements demonstrate some of how Jane views John, the president of her company.

- I knew people who had worked with him; I knew vice presidents and presidents I had worked for prior to taking this job. I asked them what they knew about this guy. They all gave me the same response I see here; he encourages participation in management decisions which obviously was a good signal to me because I know that is a major part of my management approach and style, that is to encourage people to come to their own conclusions on decisions. I see John as doing that. I also see him during difficult times as saying, 'We're not coming to the decision as quickly as I'd like to, so I'm going to help step this up some. Here is the decision I want us to come to, now let's go implement it.' I see that management style in him in other areas.

- John's been very involved with the field and then, like an icon or leader for the field, they adore him. Everything that's good about our company emanates from him as far as the field is concerned and they think he is a like a savior to our company and I guess specifically considering the rough times they've had in the recent past, I can see how they feel that way about him.

- I know particularly in my department they admire John. They feel that what he has said he's going to do with the company he has either accomplished or made every attempt to do so.

- At Christmas time I invited everyone to come work in order entry and help us process all of the Christmas orders and John did. He came in on a Saturday for a few hours and because he does things like that, they feel he's very down to earth and they also feel very comfortable with him.

CORPORATE HEADQUARTERS CASE
COMPARISON OF MENTAL MODELS

Introduction

The CEO, John and the Director of Customer Service, Jane, have mental models that are far more similar than dissimilar. In an organization such as theirs, their view of people and what their needs are, are quite similar. Both similarly view the organizational dynamics, both interpersonal and systems. That is, they see the importance of being aware of and attempting to understanding the complex interaction of people within organizational systems. Both see themselves as leaders and feel comfortable in that position. They both approach organizational transformation are similar ways, by including employees in decision-making, planning, and implementation.

John and Jane come to their positions facing similar challenges. John took over the company several years ago as it was declining at an increasing rate. His initial challenge was to increase the value of the company as an investment opportunity. Jane arrived about 18 months later facing the challenge of improving and upgrading customer service. Both the problems they faced were similar, and their responses to these problems also appear to be similar. They both needed to create transformational change in an organization that had become demoralized through mismanagement and neglect and they both consciously used their leadership skills along with their strong interpersonal skills in setting and achieving new goals.

In his interview, John speaks primarily about the organization as a whole. He sees some fundamental problems with the organization that are caused largely by people's denial of the current situation and their focus, not on the future, but on the past and present. The current situation of denial and lack of focus on the future, John believes, was caused by the poor business results that the company experienced for a number of years prior to his arrival and the failure of leadership throughout which resulted in spirit and energy of the personnel being dissipated.

Jane faced a department that had allowed customer service and order entry to languish. Her department did not measure its service quality and personnel were not given regular performance appraisals. The department did not have a good reputation with its field sales people.

The Nature of Organizations

Both John and Jane understand business systems and processes, with John having vastly greater experience and the resulting knowledge of business operations, strategy, and structure. Neither spent much time in their interviews discussing business operation in general. They both made reference to this category when they discussed specific issues and situations.

The Nature of People in Organizations

John and Jane similarly perceive what people's needs are in organizational settings, what motivates them, and how people react to different situations and events in organizational life. In her

interview, Jane focuses on her need to communicate well with her group, at first to give them goals to strive for, then to facilitate their development of goals, and throughout show her support for and recognition of their efforts.

John primarily discusses interpersonal dynamics and what the cause of some the serious problems are as he perceives them. John displays a broad view of people in organizations. He talks about an organization being a living organism. This is a holistic, systems view of organizations. John also focuses on resistance and denial that, he believes, exists in the company and are the result of a complex interplay of forces, both human and systemic. Jane's situation is more concrete and discrete than John's and if she does, indeed, think in these broad terms, she did not mention them.

John believes that it is the responsibility of the CEO to pay attention to relationships. He discusses the importance of interpersonal relationships and his role in facilitating them.

Jane sees her people in need of being trained in working together to set goals and accomplish tasks. She provides structure for them to contribute. Jane reflects John's belief of reward, achievement, and being personally supportive.

John views organizations in holistic terms. He discusses the interdependencies of organizational parts and the ramification of actions and events on the functioning of the organization and its people. Jane's scope is less broad, as appropriate to her position. However, she does see the impact of interrelationships both within her group and with other departments in the organization.

The Nature of Planned Organizational Change

On transforming organizations, John's and Jane's mental models have a number of similarities. They both believe that leadership and management play an important role in moving an organization through transformational change. Both talk about leadership not just at the top but throughout the organization. Jane explains her participatory leadership style in relationship to actions she takes in transforming her department. Both Jane and John speak of creating a work environment that is focused on rewarding accomplishments rather than punishing failure.

Jane explains in detail the way she develops change in her department by focusing on rewarding achievements, viewing mistakes as learning experiences, working hard at creating a management team with both responsibility and authority, and developing formal and informal communications among her direct reports.

Both John and Jane understand that to gain full support for transformation, people must see the need for change and be involved in decision-making on design and implementation of changes. At the same time, both believe they are able to determine when they need to step in and make decisions without undermining the collaborative process.

Self Perception

Both John and Jane have strong self awareness of themselves as leaders of their respective organizations. John appears to feel completely at ease and comfortable in his leadership position. Jane

appears to feel somewhat less comfortable in her position. John is introspective and looks within himself to examine and question his actions and motives. Jane has displayed some ambivalence between her understanding of what her leadership style and behavior needs to be and her apparent natural inclination for control. They are aware of their own goals and what motivates them and both are strongly goal and achievement oriented. They appear to be sensitive to the feelings and emotions of others and demonstrate the ability and importance of seeing from others' viewpoints.

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CHAPTER SIX: RESEARCH FINDINGS-MANUFACTURING CASE

MENTAL MODEL OF ED

Ed is the senior vice president of operations and general manager of manufacturing for this manufacturing company. He was brought in to restore this company's manufacturing capability after years of neglect by former management. New management bought this facility and set it up as a largely autonomous unit. The manufacturing plant is located in the poor, rural South. It is a unionized facility with a long history of antagonism between management and labor. A few years before the current owners took over, they had brought in an outside management group to run manufacturing. These efforts, according to many accounts, squeezed out profits which often came at the expense of the workers. This exacerbated the situation. Ed was brought in to deal with the poor production and quality, the need to rebuild a major component of the manufacturing facility, and renegotiations with the union.

Ed teamed up with the vice president of human resources and together they developed plans to radically alter the working environment and return the plant as a viable manufacturing facility.

Ed is a quiet, gentle man with a dry sense of humor as I discovered during his interview. I met with Ed at his headquarters office and later spent two days visiting the manufacturing plant, talking to a number of employees, and interviewing two other managers. Our recorded conversation was brief; nevertheless, it

seems to be a true representation of both Ed's mental model and actions as I discovered on my visit to the manufacturing site.

Ed has worked in previous positions for the president at other companies and brought these experiences into our conversations as well.

Nature of Organizations

Our conversations only peripherally touched on organizational systems and processes. Management planning was discussed in the context of a skill that supervisors and managers lacked and that Ed and Bill (VP of Human Resources) saw as a critical need which they spent much of their time addressing.

Nature of People in Organizations

Need for Achievement

A common theme throughout this case of a manufacturing company is the people's desire to achieve. No matter what their job, the workers repeatedly indicated not only their desire, but their ability to make significant contributions to the business if given the opportunity. The example below demonstrates Ed's discovery of this.

- He got to working with his folks and he was on hoot owl, that is, the other two shifts rotate between first and second while hoot owl is a fixed shift. This supervisor could never adjust and kept wanting to get off the shift. **All of a sudden, his group which was always in third place, started getting on the band wagon, and started working together, and they are now**

the best, and now I can't get him off the shift. He is enthused; he is cranked and I've never, ever seen this. I mean the supervisors when they first came down they looked like a bunch of wet puppies, but now some of them are actually supervising and actually managing and having an impact on what goes on and that's fun when you see that happen.

Reward and Recognition

Ed and Bill took every opportunity to reinforce positive behavior that they were striving to instill in their managers. As the statement below indicates, they appear to take actions that achieve this.

- We do give them a **chance to showcase their talents and to get some kudos in recognition.**

Understanding Organizational Dynamics

The next statement seems to indicate Ed's understanding of some of the organizational dynamics that were taking place in the plant. This statement refers to the behavior of former top management at the plant and Ed's view of their behavior. These top managers were later replaced by middle level managers who proved their ability to manage and lead the facility.

- **The top management group certainly struggled with the installation of the new equipment.** It took them longer than it should, they over ran their costs, there were cases where **rather than knowing to ask for help it became a pig headed matter of pride, that I'm going to do it and I'm not going to**

ask those guys up North for help. In some cases, it was literally foolhardy to meet a commitment to turn the equipment on when safety system controls were not tested to validate that they do what they're supposed to do. **They were more concerned about getting this thing working by that time and they were going to do it.** In retrospect, in seeing what happened afterwards, that was not a good, sound business decision. While there's always pressures on deadlines and dates, safety in doing things the right way has to take precedence.

The statements below show both Ed's awareness and his approach in dealing with complex dynamics that greatly hindered needed communication. The first paragraph is an explanation of the situation as Ed found it when he first came down to the plant.

Traditionally, manufacturing groups did not work together. There was literally a large curtain separating two ends of the manufacturing process. I learned that you had better not try to tell workers on the other side of the curtain what to do or how to do it. In addition, supervisors were reluctant to manage the manufacturing process, to step in and give orders.

- So they started getting the message. **I asked them what happens when you have a quality problem on the line? They responded that nobody ever listens to them.** Guess what guys, I'm going to put a bell on the end of that buzzer that's going to be a horrible alarm that's going to sound like no other alarm in the business. **When that alarm goes off I don't**

> **want to hear anyone say they don't know there is a quality problem** because I've been there a number of times at 5:00 pm, when management all leaves, and I find out an hour later there was bad product coming through the factory and all the talent to solve it has left. So now **we have this horrendous horn that goes off the second we start to see bad product coming off the backend, they fix it, the inspectors are up working with the supervisors on the front end just the way a company should work, how people should interact and when you start looking at each of the elements.**

Understanding People in Organizations

Another theme that was frequently mentioned not only by Ed, but in many of my conversations with personnel at the plant, was respect for workers. My conversations with managers Mike and Larry during my site visit repeatedly reinforced this theme. They said that previous management seemed to go out of their way to demonstrate a lack of respect for, not only workers, but also other managers.

Ed is keenly aware of this and his management and leadership style demonstrates his understanding of this need. In many ways, he shows respect for managers and workers alike. Ed's and Bill's behaviors demonstrate their respect. For example, they are very good listeners, carefully listening to what others say and mean. They reach out to include others in the decision-making process. They and others say that when they make a promise, they fulfill that promise.

The next statement demonstrates Ed's thinking about his understanding of what workers need in organizations and his feelings about being able to help those workers from his management position. Additional discussion on this topic will be found in the Self Perception category.

- You had people there [in a former company he led in another poor rural location] **who literally were below the poverty line even though both husband and wife were working.** It's like a bad country and western song; I mean the first day I was there one of the ladies' sons-in-law choked during dinner and died of a chicken bone in his throat. It was literally just one disaster after another. And **these people were just picked on all their lives** and I mean, **this is going to sound bizarre, but just being there, treating them as human beings, turning that plant around, treating them with dignity and respect was very meaningful for me.**

Ed appears to understand what workers need in order for them to perform well in their jobs. He takes a hand-on approach in demonstrating the kinds of behavior he expects from the supervisors and works with supervisors to create learning experiences that have lasting impacts on them.

- [In response to the question on how he got supervisors to improve their management skills] **Train them, show them how to supervise, you can't leave, you must hang over them, work with them.** You know one of the things that's funny

when we really empowered the supervisors, Bill came up with the **concept of center of the universe, which is what I've always told sales and marketing operations, 'we're the center of the universe.'** So, we made these guys think they were the center of the universe and **everybody in this building worked for them.** What do you need, what do you need to do? Why is this stuff coming out bad? And Bill had a good QC [quality control] analogy. He asked the supervisors, 'What do you do? Well, we look at the stuff coming off the back of the belt and then we try to determine what's gone wrong?' And of course they fell right into our hands. So Bill says to them, 'When your car isn't running right do you usually look up the exhaust pipe to see what's wrong with the engine?'

Ed was demonstrating that supervisors need to go to the source, not the symptons of problems.

Ed seems to have keen insight into human nature which is demonstrated by the way he deals with people and his sensitivity to other's problems as the statement below indicates.

- I think probably in the last 5 or 6 months when we have really been focusing on the supervisors, and I mean the guy on third shift, is kind of a rough looking character with a cigar hanging out of one side of his mouth and occasionally his tongue hanging out the other, and he's kind of a bulldog, and a heart of gold, but I mean **you can tell he was always running against the tide and then all of a sudden he got with it.**

Nature of Planned Organizational Change

Perception of Change

Ed mentions that some critical manufacturing numbers have shown marked improvement as indicated below. However, in interviews with Mike and Larry, they state that far more has changed. The entire working environment has changed, according to Mike and Larry, for the better. They relate that the site is fun to work in now, people are treated with dignity and respect, and the results are profitable.

- So we made **some pretty dramatic results,** I mean in the first year we lowered product cost by about 15% over what it had been and in the last two months we literally have been running 15%-20% better than that.

Understanding Leadership and Management

A critical concern of Ed's is to develop local leadership to take over operations at the plant, and to free him from hands-on daily operations. When Ed joined the company, local management at the plant was unable to operate effectively as the following statement indicates.

- I had hoped that more of the managers would grow further in their positions. I think sometimes there's a fear that people hold back things or look at me to be the change agent versus the local management. It's hard in a remote location to find truly good managers that not only know the industry, which is somewhat important, you need to have a few people who

know that, **but that really know how to plan and execute, that really believe that this is the right way to manage versus this is what the guys from up North want and therefore, this is what were doing.**

Ed demonstrates his understanding of management and leadership in the following statements. In the first statement, Ed realizes that he must continue to run operations because no local managers have yet developed the necessary skills to do so.

- We didn't see any true leadership evolve in the two to three positions that it could have evolved in, so **to an extent I am still very hands-on,** and even though I'm up here probably two thirds of the month and down there one third of the month.

- **We identified three or four managers that are kind of one level down that are going to be the future of that organization.** The problem is the next level up, the people making $50,00-$60,000, $70,000 really aren't as proactive as we want them to be; they don't take a true leadership role and certainly their planning and execution skills aren't where they need to be.

This is the level of management that was replaced when he saw, that despite his coaching, they had not changed. They were replaced by Mike and Larry who had been middle level managers in the plant.

- **I have to keep a fairly strong hand and probably to some extent micro-manage people a lot more than I like to do in**

terms of my style. You can't say here's the vision guys, here's where were headed, go get there, **you've actually got to walk them each step of the way** and did you do this, why did that slip like this. **Not only set the expectations, but do every bit of checking to make sure the expectations are executed in both performance level and in terms of how you want people to act, how you want them to manage and supervise.**

- When you're in an environment where the company is shrinking for ten years and t**he way you survive is to keep your head below the horizon so that nobody takes a shot at it, you don't end up with a crisp organization, you don't end up with people that make decisions,** and there's so many decisions in this company that had been made by default, and you know in many cases the only bad decision is no decision at all. So I think to a large extent that the owners wanted Bill and me because of how we worked together in the past, and hopefully would have some kind of rub off effect as we turned this company into the kind of organization he wants it to be.

- [In response to the question, 'What did you see was local management's role in this turn around? What did you want their role to be?'] Initially very secondary, we came to understand more and more, that **even the supervisors were part of the problem. And I think a lot of that came out of the fact that they really had no training and they really didn't have any support.**

When Ed first came on board, he readily perceived how the way local management treated the workers negatively impacted results.

- When they were confronted by a fellow union member, the easiest gut reaction was to say, 'If you don't cut this out we'll bring in some more of this stuff from Mexico,' and **they really knew how to rub salt in their wounds more so than be true managers.**

Local management seemed to have lost control of their plant. Ed related stories of workers committing physical and mental abuse on their supervisors. Ed quickly took steps to change this situation as demonstrated below.

- Managers were intimidated, and while we were somewhat good Joe's, we certainly drew the line and let them know that insubordination won't be tolerated. '**Any supervisor that gets threatened or sworn at, you're out of here on your head. ' We did have trouble makers, people knew who they were; we went after them; we got them; they are out.**

The following statements indicate the extent to which Ed needed to be involved with managing and training the new local management. Normally, the senior vice president doesn't get involved in day-to-day operations, but Ed seems to realize this was the only way to turn the plant around.

- Eventually we started working directly with the supervisors. I mean for instance, this Fall when we came out of this equipment project, which not only cost more money but kind of slowed the whole place down. **We really needed to set the performance expectations for the group,** what we're going to do, how we're going to do it, how we want to look at yield, how do we want to look at down time, how are we going to measure it, let's set some goals for ourselves, let's put some charts up on the board, let's track daily production, what is the goal, how are we going to go about doing this? What if we pay one guy on the team money to come in for a half hour early to get that machinery ready will that cut down the time rather than have the rest of the guys sit around with a cigarette?

- **Certainly the setting of expectations and challenging the group are still largely a role that Bill and me define and then we work hard through the managers to make sure that performance reviews truly reflect performance.** 'No, I don't want to hear that he's a good guy; tell me why you're always in third place when the other two shifts are ahead of you.' That's what I want to see in the performance review. **We just made an effort at personally working through the supervisors in terms of kind of setting the expectations** and having key management meetings three or four times a year. 'Okay, in October here's what were going to do and this is October 1, and here's where I want to be by the end of October. Oh by the way, the president is coming down on November 1, and you're

going to do a presentation, I'm just faxing him up these goals now, let's make sure we get there okay? And **I know you haven't done a presentation before, let me tell you how to talk about it.' So I rehearse them and I bring them through it.**

- **We've got to get the supervisors and managers to think, anticipate, improve quality and production.** We say to them, 'Okay, let's look at downtime, lets look at productivity, let's look at yield, and let's make a game plan for each of these. What do you need to see, supervisors?' I mean, the supervisors didn't know how much was being lost to bad materials, how much was lost to raw specifications; they just didn't know. They just said, 'I lost 10%. Okay, lets break that 10% down. Can we do that? Let's examine down time; how much of it is truly set up versus equipment failure.' And then we set up challenges for the maintenance crew. 'I don't care if you have 300-400 pound machines. I don't want to be up and running in 20 minutes; I want to be up and running in ten minutes and next year let's figure out how to be up and running in five minutes, in shift change. How do you anticipate that and how are you going to change it, how are you going stage the stuff so one team rolls out while the other rolls in?'

- I think **we worked real hard at that relationship.** I think we work real hard at making sure that local management at times doesn't screw it up. I mean there was just a tremendous fascination prior to Bill and me coming in with the union

contract. 'Well, we can't do this because of the contract,' to the point where the managers were more interested in managing the contract then they were managing the facility and we said, 'Let's manage the facility, don't worry about the contract. If shit comes up the president will handle it.' And the bottom line is when we started doing that, then a lot less shit came up.

Understanding Resistance

The following two statements demonstrate Ed's understanding of people in organizations when dealing with resistance.

- **There is still some resistance. Some people try to beat you because you're management, or you're union, let me see if I can twist the rules a little bit.** 'Never mind with the language of the contract you guys. You know this isn't right and we're being square with you.' We've had some good give and take outside of the guidelines of the contract. We had a guy dead to rights to fire him. He's a pretty good guy and we don't want to prove a point, so we go out of our way to show that we've gone more than half way in terms of helping them out. So we kind of build a bank of IOU's and use them when we have to.

- We share most of the challenges of the business with the executive committee of the union. **We talk about the fun and games stuff, schmooze them about the outing this year, 'Okay now, let's get down to hard tacks.'**

Understanding the Need for Teamwork

In many of the statements that Ed makes, he indicates his understanding that all the people in the plant need to work together as a team in order to succeed. In particular, the message that workers and management need to operate as a team is clear.

Self Perception

Ed demonstrates sensitivity and feeling for the conditions of his fellow human beings. He demonstrates his understanding that in his position he has the opportunity to help change people's lives for the better.

- ... **these people were just picked on all their lives** and I mean, **this is going to sound bizarre, but just being there, treating them as human beings, turning that plant around, treating them with dignity and respect.** I felt like Saddam Hussein; they had posters of my head up all over that factory. **I still get three or four letters every six months or so from different people telling me how I changed their lives. To me it wasn't anything other than how I always treated people.**

MANFUACTURING CASE

MENTAL MODEL OF MIKE

Mike has worked for this manufacturing company for many years having started as an hourly worker and eventually moving up to his current position of manager of the plant facilities. During his tenure at this manufacturing company Mike has held almost every position connected with the manufacturing process that an hourly worker could hold.

Mike enjoys his work and the challenges associated with it. While I was visiting the plant, Mike showed me how he is using computers to regulate precisely certain machinery in the manufacturing process. He also hooked his home computer up to these machines so that he could monitor them on his off hours.

Mike is proud of his accomplishments. In spite of having little education, he has progressed steadily into more responsible positions. When Ed [senior vice president and general manager] decided that the top level managers at the manufacturing facility would not work out, Mike, along with Larry, were promoted into those positions.

Mike has strong feelings about the dignity of working people and their positive contributions to an enterprise. If management would only allow workers to utilize their skills, experience, and knowledge, they would add significant value to their company. By treating workers with dignity and respect, management will discover that they have a loyal and committed workforce.

The Nature of Organizations

Mike did not directly discuss an understanding of management planning or organizational systems and processes.

The Nature of People in Organizations

Need for Achievement

Mike makes statements that demonstrate he believes people need challenges and achievement in their lives. He seems to believe that achievement is an ongoing process particularly in manufacturing.

- **You have to have new goals, The goals for this year are not going to be the same as the goals for next year. I think your goals should always become harder. Hopefully our goals for next year are higher, our standards are higher, because no matter what you do in the manufacturing process there is always somewhere of making it a little bit better.** It may get to the point where, you are wasting resources trying to make it better. Then that is another decision that a person in that position has to make. He has to make the decision does it make good sense for us, can we make it better, are we going to spend X amount of money to do it because 10 pieces won't pay for it. Someone has to be, someone has to be the set of eyes that is looking, actually asking those questions.

Mike relates his own achievement of rising to the top management in the facility.

- I held several jobs, then went into the mechanics position with no background and I was actually raised in a machine shop. In the machine shop you can actually teach yourself. I went from the mechanics position to an R& D position. I've been involved with basically everything out on the plant floor. **Now I'm in charge of facilities, meaning basically anything to do with the plant other than the people themselves. If it's mechanical, if it doesn't walk out of here in the evenings, I'm responsible for it.**

Understanding People in Organizations

In the statements below, Mike shares some of his understandings and beliefs about people in the workplace. These topics include the need people have, according to Mike, to invest their working lives into something that's going to endure, and a place where their jobs are secure. Another topic involves the workers' feelings of attachment and loyalty for their company.

- **You know, no one wants to go to a job everyday and have that job fail after they have worked there 20 years.** People want to know that the work place is going to be there. A place from which they can retire someday. You know people actually look at it that way. **People want the security.**

- **These peoples' hearts were not with the outside management group. Their hearts were with this manufacturing company**

and from what I remember, a lot of people were asking, 'What did we do wrong?' I've actually been asked, 'What did we do wrong for this manufacturing company? You know we tried our best.'

Mike's statement below seems to demonstrate the depth of feeling these workers have and how personally they take events in their workplace.

- **No one ever explained anything to the workers, that either they did something wrong or they didn't do something right.** When you don't tell and something drastic takes place and no one explains to you why that change is taking place, **people just assume that they did something wrong.**

A recurring theme in Mike's interview is the need workers have to be respected by management. Respect, according to Mike, involves being taken seriously by being participating in the running of the plant, problem solving, and decision-making.

- **People need to know that their opinions count. They need to know that they can give input and that input is actually listened to.** Of course, not every input is good okay, not every idea is a good idea but if you don't listen to that person's idea for the rest of their lives they are going to think that they had a good idea but you didn't listen to them. You may listen to their idea and it may be something you might want to go with; you may listen to an idea and say I'll think about that and basically struggle with it because it's not really that good of an idea; you may take it to the team. Eventually, you bring

these people's idea to light and come up with something. You may listen to the idea and immediately come to a point in minutes and immediately explain to that person that your glad that he gave you the information, these are the problems I see with it. I mean that's what they want to know, they just want to know that you listened. **They work in this job every day; eight hours a day and I'm going to tell you right now that no one does the job better than the person doing it.**

In Mike's interview, he repeatedly brings up the new managers' (Ed, Bill, and the president) style of leading the organization. According to Mike, this style and approach of dealing with people closely fit the workers needs as demonstrated in the statement below.

- When the president came over it was instantaneous. **These people were so happy it was like hooray we are safe, we are needed by someone.** They were given the opportunity to voice their opinions. **Ed and Bill, and the president walked the floor; they got out there and they talked to people.** These people were not used to that; the people over in the office [under the old management] were in the office and we were out here. **They were not used to having top management walk out on the floor and extend his hand and have a regular conversation with them,** instead of talking from behind the speakers or a microphone and saying that this is what's happening, I'm here this month, this is what I want to tell

you, and walk away from the microphone and no one ever gets to ask him questions.

Mike seems to believe that worker commitment is vital for a company's success. Commitment is seen by Mike to be reciprocal; workers "go the extra mile," put in the extra time and energy and the company in turn, commits to long term strategies to keep the business operating as demonstrated in the next two statements.

- **Commitment comes into everything.** If the company asks you to do something and you don't feel that the company committed to backing you or that you feel why am I doing this because they're not going to be here next year, why am I wasting my time, **I am not going to get your full potential.** If I ask, 'hey can you help me do something,' and you have these feelings that I am not going to be here for the long haul, are you going to give it 100 percent effort, or are you going to do it just enough to get by?

- **It's human nature. People have to know that they are building something that is going to last.** They have to know that they are not wasting their time and **that the work that they are doing is striving towards a goal. I mean everyone works thinking that they are making it better.** I mean you wouldn't want to if you knew tomorrow was the last day you were going to be here. Would you come in today and work the hardest that you ever worked since you ever came here?

Mike again, in the statement below, emphasizes the need for management to involve workers in the operations of the enterprise, in this example, by listening to workers' ideas and suggestions and trusting that they know what's best for the company.

- [In response to the question, 'So the message to management, organizational leaders is what then?'] **Listen to what the workers want to tell you.** No one knows how to do their job better than the person you asked to do it, because if that person doesn't know how to do the job you don't need them there to begin with. If you are trusting that person to do a job for you, you should be having enough faith in that person to know that that person is doing the job to the best of their ability. **If you don't want to listen to the opinions of those people, don't want to know what that person has to say about doing that job better for you, shame on you.**

View of Ed

- **Ed is a great person to listen and I think that he absorbs everything that the team around him,** gives him, and he is not afraid to instantaneously or after gathering all the information came back to you and say, 'Okay you told me this and now I found out that it is not so.' or, he is not afraid to come back and say, 'You told me this, I wasn't sure of it, but you are right.

The Nature of Planned Organizational Change

Perception of Change

In the following two statements, Mike perceives significant changes have occurred since Ed and the new management team took over. These changes involve improved communications between management and labor, less antagonism and conflict, as well as better production numbers.

- We are pretty much on a first name basis with all of our employees and **everyone knows that they can actually walk up to us and tell us they have a problem** with this or that or wait until the end of the week and bring it up a meeting. I mean they can walk up to you and say, 'I've got a problem.' And they know if the problem has merit, it will be resolved.

- I think that the attitude here now is a lot more relaxed. Look at some of our production numbers or reject rates in the last two months. **The conditions have improved. Conflict has pretty much dissipated.** I think it is pretty good. I can't ever remember it being like and I've been here since 1985. **I mean people will come up to you, sit down, and talk to you about things that either involve the facility or have nothing to do with this place, but they are comfortable enough to come up and talk to you.**

In the statement below, Mike demonstrates his understanding of the innovative process, particularly about the need for stimulation to compete successfully.

- **If you are engulfed in your own environment and kept to a point where there are few challenges, and if you are not challenged you are not going to try new projects, you are not going to try new products, and you are not going to try to better yourself compared to the rest of the world.** If no one asks you to better the Japans, to better the Chinas to be better than the whole world, if no one says, 'Guys we need to be better than them,' you are going to assume that you are already better than them right and you are never going to get better.

Understanding Leadership and Management

In the following three statements, Mike describes previous management's behavior and the impact it had not only on the workers, but also on manufacturing operations.

- They [previous managers who were brought in to manage the plant] came down basically to talk to existing management, weed people out, put their own accountants in, people that had been here for years doing jobs were gone, and they did it more or less over night. **Their approach was whatever you were doing before was wrong because we are here now and this is the way it is going to be done.**

- **This place seemed, in the years past, to be run basically like a dictatorship. It was management that made the decisions. I don't care if 50 people on the floor said okay we can do that but it would easier to do it this way.** There was a lot of distrust between the work force and management.

- **The workers thought they were being ripped off [by the former management group] and it snowballed into attitudes that seriously affected production.** It really hurts you when you need someone to go the extra miles. It's tough when you need some help or some input and you don't receive it. If you had a better working relationship with the crew who could come up and talk to you about getting the job done. **Some times the workers don't see things that could go wrong that would hurt production. It's the workers way of being vindictive.** I don't think they were intentionally doing things to hurt the place okay, it was their way of saying, 'Wake up you guys. We have a part here you know we are important.'

In the next statement, Mike indicates his view of the importance of the workers.

- I think **the management in this manufacturing company takes into consideration the people.** We need those skilled people just as much as we need natural gas, or water, or electric heat. You could have every piece of up to date equipment; you could have everything you need to make the ultimate factory; **if you don't have the skills to use that**

equipment you have nothing but a warehouse full of equipment.

Understanding Communication

Mike frequently brings into his interview the importance of communication. He seems to believe that good communication is a simple concept to understand and gain payback from.

- **Everything to gain, everything to gain, I mean what is there to lose? You know the time you took to listen is the only thing you have to lose.**

Understanding the Need for Team Work

In the following two statements, Mike demonstrates his understanding of the importance of teamwork. Mike seems to view teamwork as playing a large part of a company's success or failure.

- **You know if you look at small companies they all started as a small team of people. The larger companies started out with one or two people in a team as Microsoft did. This company started out with a hand full of people who had an idea.** They worked together in a team concept and brought other people in. Early on they realized that **no** one person has the answer to everything.

- I think a lot of what happened was that the people who founded a lot of companies started them because they had the attitude that they had tried to make it in the big companies;

they tried to talk to management there, but no one listened to their ideas. **The ones that originally started out with the team concept, who had the open ear to listen to their employees; they are the ones that are surviving.**

Understanding Ed's Role

This long statement of Mike's clearly indicates his view of an importance aspect of Ed's position in manufacturing. According to this statement of Mike's, Ed plays at least, two critical roles, one being the goal setter, and the other is bringing a fresh perspective to manufacturing operations.

- [In response to the question, 'Is there a difference between you as a manager and Ed as a leader or how do you see it?' It's about control, mainly. **His position comes down with goals, goals that need to be obtained. He is actually a communicator between the management here and the management at the main office. He is our liaison, so of speak, that fights the fires before they get started; let's us know up front that this is what is happening and this is where we are going to be.** For example, if I was in this room everyday of the year and those products up there [on the shelf in the interview room], those had become so common to me that half way through the year I am going to look at them the same old way. **But Ed coming in with a new set of eyes m**ight say why is that one piece green and I'm going to say what piece? Even though I am here everyday, even though I've seen it everyday it became commonplace to me. A person in Ed's position is a set of

checks and balances so to of speak. **Actually, he came in with a new set of eyes and asked the question, 'Why? You have done that for every year since the existence of this facility but why? Is that the right way of doing it?'** He might point out to you that maybe you need to go back to look at that again because maybe the first one that made that decision 20 years ago was wrong. Are you sure that guy was right, you didn't even know him and you really don't know who made that decision and how do we know that it is a viable best decision for us. You have to have that in any facility. It is not what you want, to be engulfed in your own environment and basically smothered. You need someone every now and then to shake up the environment and say, 'Why is this like this? Why is it here? Why is it there?' Just so you take a second look at it. You may have this process that you never had any problem with, it has worked every day since the day you came here and Ed or someone in his position came in and said well why does it work like that? And that makes you think, why does it work like that right? And then you are not only thinking about that, your thinking like, for 20 years we did this and wouldn't it be a lot easier if we did it like this. It's that mentality that if it is not broke, don't fix it. Okay well if someone doesn't ask you, 'Is it broke or is it not broke?' you are never gonna think about it. You need someone to ask this question why is it like that, is that the way it needs to be, is there a way of getting it better and is that the best thing for us? If no one asks that question, then myself and everyone else at

this facility is always going to be under the opinion that we are doing great all right. We don't need to do any better because we are doing the best that has ever been expected of us. But when you have someone that comes in and says, 'Can you do that?' My first thought has been to say, 'I didn't think that we were doing it wrong; I didn't know we needed to do it better. We can do it better if you ask, you we didn't know there was a problem.

Self Perception

Ability to See From Others Point of View

Having worked as an hourly employee, Mike seems to understand their needs.

- I know what it is like to not be involved in the decision making and to be asked to live with the decisions that were made for you.

Self Awareness

Mike demonstrates his outspoken nature in working with people.

- **I am not a yes sir, no sir type of person.** I will tell you up front if it is a good idea or a crummy idea, if it will work or it won't work. **I am not one to say well maybe; I am not one to say, 'I'll get back to you.' I will tell you my initial opinion up front.**

- [A former plant manager] asked us our opinion of his idea. The others said it was great, but when he got to me **my exact words were, 'I think it sucks.'** I'm thinking that is not what he wants to hear, if it is his idea it is a great idea. The others defended his idea, but the plan manager says, 'Wait a minute, I didn't walk all the way out of here from my office, for you to tell me what you think I want to hear.' He said I walked out here to get an opinion and if Mike thinks that my idea sucks I want to know why my idea sucks, because I didn't walk from my office out here to hear all of you agree with me. 'All right so why does my idea suck?' he said. And I pointed out that exactly what I thought of his idea, he agreed with me and it was never implemented. **After that, any time he would have an idea he would come to me and know that I would flat out tell him what I think about it. 'Does it suck or does it not suck?' Those are the exact words he would use.** Then when that outside management group came here I told them up front, **'Guys, I am the only person who won't beat around the bush. If you ask something of me and I feel that I can do it I'll tell you I can. If you ask and I don't feel that I am the person for the job, or I don't feel that I can do it, I am going to tell you right off the bat I can't do that or I don't think that it can be done.'** And the reason for that is I think that people respect that. People don't want to hear, 'Yeah, I can do that, I can do that,' and six months later they say, 'Where is it at' and you're saying, 'Well, I am working on it' or 'I don't think that can be done.' You have already spent your time, their time, and

their resources. They want to know up front. If you tell them I think it can be done, then you should be able to produce. If you tell them I don't think it can be done then the opportunity to either find other resources or an outside person or someone else who's qualified to do the job. You know I don't like to waste my time or anyone else's time taking on projects that I know up front either can't be done, or I don't have the job skills to do it.

- **I want to be able to give my opinion; how I feel. I want to know that if a decision is made that at least I've pointed out the ramifications of it and the problems that need to be solved.** I don't want Ed ever to be able to come back to me and say, 'Mike, how the heck didn't you tell anyone that you wanted to do that, why didn't you give them your opinion, didn't you know that this was not a good idea,' or 'Didn't you know that this was a great idea that we didn't do.'

- I don't think that anyone should trust anyone else with their future. I want to control my own destiny and my own future. I don't want someone else to make major decisions for me.

Understands Own Role

In the statements below, Mike indicates that he is clear on what his role is. He seems to feel that he is the expert on production matters because he knows all about it and can make decisions on what needs to be done to keep the production processes moving.

- I think a lot of what helps me do my job is the fact that I been out on the floor, I started out at ground level and I know it takes to do those jobs. **I know what all these people have to do because I went through the entire process.** Something can be asked of me and I can immediately give a proper response. **There are things that I know right off the bat that is going to disrupt the process flow and we may need to refine the process so that we won't disrupt the flow but still issue the same product that you need in a time frame that you need it.**

- **My job is to see to it that we implement the set goals; what it is that we need to actually obtain those goals. I have to weigh the decisions of who are my employees that can take this project and obtain the goals for us.** Maybe the decision is to accomplish the goals by using a vendor or contractor. Upper management sets the goals I have to decide how to get there. If we need to produce this item, what piece of equipment do I need? How can I do it efficiently enough that we have the least capital investment, the quickest pay back, and the least upset to the work force, so that the work is integrated smoothly and that the boss can take his production people, use the equipment that I came up with, use the process, and actually slide these people in. If we have an existing item that we have made for the past six months and I've been asked to make a new item I need to be able to make that new item without disrupting production of my existing item. Everything needs to flow nice and smooth and we need to

plan that out, you have to weigh it all, what is the quantity, am I going to use the more utilities, am I going to need more equipment to do it, am I going to need more bodies in the plant to do it, can the equipment that I already have be changed around a little bit or we can modify to do the existing job and this new job that is coming in.

MANUFACTURING CASE

MENTAL MODEL OF LARRY

Larry has worked seven years at this manufacturing company in supervisory, and presently, in management positions. He has worked in this industry his whole life, as did his father before him. Larry has experienced some difficult times at this plant when outside management took over and before the company was purchased by the current owners.

Larry is a compassionate man, apparently gentle but firm in his management style. His stated mission in life is to preserve the jobs at his manufacturing plant for the current workers and to have jobs available for their children. In his interview, Larry focuses on the themes of showing workers respect, treating people right,

Nature of Organizations

Larry did not discuss an understanding of management planning or organizational systems and processes. However, he did indicate some knowledge of this category with the statement below.

- We realized that customer service and quality standards are always very high even at that time they were unrealistically high. Sometime when you look at producing a product you have to consider your manufacturing capabilities and I think that we are moving in that direction

Nature of People in Organizations

Understanding the Need for Rewards and Recognition

Larry demonstrates an understanding of the need to reward workers and recognize their contributions to the business as in the statement below.

- Our productivity is a lot higher and we have the people with the skills and the ability to do these jobs. **However, if they are not going to be treated fairly, they have the tendency to lay down [their work]. Everybody wants to be recognized for contributing.** If you don't do that, that's what these guys will do. **You know we are all giving credit where it is due.** I post on the board out there everyday the percentages. I post the year to date, I post the month to day and we are all informed and we get our little message there when we do real well.

Understanding What Makes People Tick

Larry seems to understand what people need in order for management to gain the cooperation and commitment of the workers in the plant. The statements following represent the theme of respect and trust that predominates this interview.

- **It means a lot to the people, the trust.** That was never there under the former owners or under the outside management regime and I believe that right now the morale is best it has ever been here.

- **People have confidence in upper management.**

Understanding People in Organizations

In the following statements Larry further demonstrates his understanding of actions that management can take to build confidence and trust between management and labor. In this case, management took the following actions to earn the workers' respect. They apparently accomplished this through using good communications, demonstrating an understanding for people's feelings, and being honest and forthright in their dealings with them.

- [In response to the question, 'You said that people's attitudes are better; you said that morale has never been higher that there is trust. What specifically did they do to make that happen?'] They did several things. **They came down and we set up a big grill for fried hamburgers for everybody in the plant and they shook hands with people and talked to people and listened. I think that is the biggest part of communicating.** You know a lot of managers they just give lip service for communicating , they don't listen and they really don't give you any information. Well these guys shared the information they had. They were not afraid.

- This plant was owned by ___ and **I just had the feeling that they really didn't know that this plant existed.** To them we were just an entity for a tax write off.

- We just told the guy that, **how people felt, that there was no trust, no trust at all.** I've got to tell you the guy seemed to be

a reasonable guy and I thought he had potential to do well here and to turn the facility around.

- **We have to look at these people and recognize their contribution** and so we went into negotiations two years ago and we negotiated right up to the contract deadline which was May first. **We made some concessions and listened to the union people and I can see that we were building trust almost daily.** In fact, the first couple of days they were antagonistic. They were ready to fight. They had been slapped in the face before and they had been on strike two times in a row. They were just looking for a fight and you just knew that they were thinking, 'you want to get your hands in my pockets and I'm not going to let you do that. You're going to try to treat me less than a valuable contributing human being and I'm not going to let you do that.' But as we went along in a week to ten days we started to have good communications, good constructive communication. **They understood that we had our hands on top of the table, we were listening, and we wanted to make it better here.**

- We have to go back to that person who has that problem and explain those reasons, not just because I am management and you are not, in other words, people just don't want to hear that you know, when they look at you they want to see themselves in management and they do not want to see a lot of unpleasantness. **They don't want to see a lot of surly bunch of guys running around out there 'bull of the woods**

types,' shoving around and yelling and that's not the way to do it. Not that I never yell, I do, sometimes.

- Sometimes we do things wrong, we make mistakes and we have union grievances. People are sometimes unhappy and attitudes are not always the best. **We have a lot of 14 year old attitudes running around out here in 40 year old bodies.** Seriously, I am dead serious about that.

- **We have more respect for the people and in return, I believe that they are going to have more respect for us.** Not only the guys who come down every week to visit us like Bill and Ed and occasionally the president but respect for the other people in management too.

Nature of Planned Organizational Change

Perception of Change

Larry perceives that change for the better has occurred in the last couple of years since his company was purchased. He notes that attitudes have markedly changed toward management and production and quality has risen significantly.

- I think if you went out on the floor and ask anybody about any of those three guys that we talked about, **there wouldn't be a bad word. Not one out of the whole plant.**

- [In response to the question if all of these changes have resulted in profits] Oh yes, definitely. These changes have been a motivating factor for the worker, although its not as if

we have no more problems. Last year was a tough year because we rebuilt a tank and then installed some major equipment. While we were doing those things, our productivity wasn't good. I'm looking forward to '98 and I think it is going to be a better year for this facility.

- **Our productivity went sky high, our losses went way down. I am still amazed by this, I really am.** I am in a position where I am responsible on both ends now. At that time I was only responsible for the finishing end but now I am responsible for both ends, I have the manufacturing part too. That has been very interesting for me and one of the first things when I sat down with the finishing foreman, I said, 'no matter where I am at, or no matter where I go, or what I do, don't ever change what you are doing. Keep going at it, because those guys need you out there, it is very important.' **I am a firm believer in the changes that happened.**

Understanding the Need for Team Work

Larry apparently recognizes the need for team work. He seems to believe that by people working together, problems and issues can be resolved. One of the benefits to this approach that Larry mentions is inclusionary in nature, that is, worker participation results in commitment and an investment in success of the enterprise.

- I think **we are getting a team together here,** it takes a while to get the right players and to get them in the right positions and get them to play together.

- I think invariably, **if you get a group of people together on the problem,** although they may have biases or it may conflict with their values in some ways, the bottom line is, if they talk it out and there is a clear cut answer, they will all arrive at that answer and will all agree on it. **I really believe that, I mean people are natural problem solvers, if they're given the opportunity.**

Understanding Leadership and Management

Larry appears to have a strong understanding of how to manage a work force, and discusses actions that he and other managers have taken that demonstrate this. He clearly distinguishes between management approaches that are non productive and those that engage the work force in positive ways.

- We were just outcasts. We weren't really a part of the corporation, that's a definite, and we got a plant manager who pitted these people against each other. His philosophy was the stand up meeting every morning, 15 minute meeting which used to take 45, we all stood, and for those 45 minutes, **we blamed all the problems on someone else for everything that occurred. I mean that was his philosophy that he pitted one person, or one group, against another group thinking that was**

the way that everything would work out. Well, I could see right away, that this was not a good philosophy.

Management can have a profound impact on the work environment both in positive and negative ways according to Larry. In the statement below, he describes an action that the president of his company took that was very meaningful to him.

- These guys are kind of relaxed, have a natural atmosphere about them, and their personalities, Bill is a little outgoing and Ed is laid back and kind of low key so those guys kind of balance each other out. And of course, the president's just one hell of a nice guy. With a guy in his position and has done the things that he has done, he is a great guy. I want to tell you that after union negotiations successfully concluded, it probably has nothing to do with what you want to hear, but at Christmas time I received a nice card hand written from the president, saying he appreciated my efforts and saying that they had made a donation to Children's Aid in my name. Yeah, believe me, that is one of the most cherished Christmas cards that I have ever received.

- What they did, at least twice now, is they rented four or five buses. Everyone that wanted to volunteer, gave them the day off and paid them, they took them to a minor league baseball game, out for dinner for a steak and salad, and a beer. Ed and Bill went with them or at least flew down and met them there. **We all sat in the bleachers together and cheered on the Ally Cats. You know they were right there mingling and**

making people feel part of the corporation. I just don't think you can beat that approach.

- [In response to the question of how Ed's management style has impacted his own style, Larry stated] **It kind of gave me an opportunity to take a more human approach to it. I mean that's what I've always done, but under the other management system we had, it was very difficult to do that because there was no trust at all, not even for me although, I tried to be a straight shooter.** There just wasn't the trust. You know they didn't allow me the freedom to manage in my style. **These guys are managers themselves and they know what to do.** They ask questions and they play the devil's advocate and they you know pick things to pieces and sometimes it irritates the hell out of me. But by the same token, I can understand where they're coming from. Ed wants to make you think of all the angles. When you are making a decision you've got to have everything in order; you've got know what you are doing. That's very important.

- I remember that term, "bull-of-the-woods" from way back and you don't hear very much of that term anymore but I think that underneath that kind of philosophy workers would say, **'just tell me what to do and I will do it, don't make me try to make guesses or anything like that, just tell me what to do and I'll do it.'**

- My father spent all his life in this industry. Forty some years, but he became a supervisor during the great depression and he would go down there and pick his people at the gate because he didn't have many union leaders and no seniority. He was chosen as a foreman I'm sure, because he was a great big guy my dad was, a huge man. I think that they considered, back in those days, that you had to be able to beat guys up. Today, you do not have to do that and you want to be very careful not to beat them up mentally either. It just doesn't work that way, you loose a lot if you try to be overbearing. Like I said that doesn't mean you can't intimidate once in a while because sometimes you just, you know, you have to lay it out there, you have to lay it out there. **But by and large if you sit down and discuss the problem you are going to find the answer and they are going to find it for you.**

- You know the president's slogan is 'do the right thing,' do the right thing for the company, if you are in doubt go back to number 1, do the right thing. **It is very impressive and very important and very important to me that I am able to do that, I was not able to do that before under previous management.**

- Oh God yeah, **I don't have many grievances.** That is one of the things that I was doing was answering second step grievances for the old management. After the contract there were a few. There are still a few here and there and sometimes we miss a call in or we work a younger guy in a place, we miss this guy over here, **it happens and when we do**

that we make it right. But we don't play games. If we owe a guy a day's pay we pay him. I mean that's what we should do. I mean why draw it out and cheat them. That was happening before too you know; they would drag these things out forever. But it doesn't happen now. We are not paying that much **but still it is the honest thing to do.**

- **Most of my management techniques are to work with people in solving their problems.** The worker probably knows the answer. **He probably knows how to solve it.** We will bat it back and forth until he comes up with a solution. He feels better about it and it you know I want to give the employees the opportunity to have some say. I don't always want to call all the shots. **I just want to be there to support the effort of these workers.**

Self Perception

Self Awareness

Larry demonstrates in the following three statements his awareness of what is important to him about his work and about his company. First, having the opportunity to "prove to himself," to accomplish something important involving his work; second, securing jobs for current and future workers; third, having pride about his expertise; and finally, being able to work in a climate where he can be himself and manage in a way that is constructive, not destructive.

- It's great. So you know, I'm a very happy that I'm part of this [company] and will be for a while longer anyway. I am going

to retire but **I have an opportunity here to prove to myself that I can do some things and also make these jobs secure and continue to keep them secure, that is very important to me.** After being in a facility where they said the jobs were not secure, **it is important that I do everything I can to solidify the positions of these people.**

- It has to be the one perfect piece of ___; **personally I see flaws that no one else would see.**

- It was a very, very unhealthy place to work [under the previous owners]. I thought that I had to get out of here. **It was just so bad that I was being pushed into brow beating people.** I'd be with the guy who ran the plant and a worker would walk up to him and would pose a problem and he would say, 'well thanks we'll look into that.' After the guy would walk away he would say to me, 'get rid of that guy, see what you can do to get that guy out of here.' You know I would never do that, but that was the kind of thing I was feeling pressure about, and I wasn't very happy about it. But at my age I am going to stick it out and see what happens and then this turn around with this new group coming in here and everything just seemed to get better and better. They made some management changes and just at the first of the year or so they made some more changes. My position is different now, it's changed and hopefully they're gonna use me in the best possible way and I'm gonna be able to think again. It makes a big difference to me.

Philosophy of Living

Larry frequently brings in his interview his desire to help others. That help involves providing workers with an opportunity to gain, in Maslow's terms, "self actualization" in their work and in their lives; to have a good place to work that is secure for themselves and their children.

- I come in early because I want to see the people on the late shift, I want to see not only the supervisor but I want to see those people. **I want them to be able to bounce things off of me or give me a chance to support them if I can in some way, not only to be better at their jobs but just to be better period. You know that is my philosophy** and like I said it is a change for them and I think it is going to work and I am going to prove it to them.

- Well I don't know, you know, I've spent my life in this business and as you can see, I never go into a department store with my wife that I don't disappear and she knows which department I'm in. If I am in a restaurant I am looking at ___, or the ___ , or the you know whatever, it is just my life. **I ramble on and on but it means a lot to me, particularly here, to see that these jobs will be here and it is just like what I tell the people on the floor you know, if your children want to work here I want these jobs to be here for them.**

CHAPTER SIX: MANUFACTURING CASE

COMPARISON OF MENTAL MODELS

Introduction

The senior vice president for manufacturing, Ed and the two manufacturing managers, Mike and Larry all perceive the past and present situation and conditions very similarly. They all stress sensitivity to others and demonstrating respect as the key elements to quality and productivity that they all are working hard to achieve. They all agree with the perception that the manufacturing plant has undergone positive transformational change.

The Nature of Organizations

None of the interviewees discussed to any extent management planning or organizational systems and processes in abstract terms.

The Nature of People in Organizations

The mental models of Ed, Mike, and Larry have strong similarities in this category. All three stressed the importance of recognizing workers for their contributions to the company and agreed that a variety of types of rewards provide positive reinforcement for desired behaviors. All three demonstrate an understanding of interpersonal dynamics that have occurred and are currently occurring in the company. They recognize the positive and negative impact that interpersonal dynamics have on people. Respect is a common theme the three managers discuss. Ed understands the importance of demonstrating his respect for

workers' feelings and values. Mike and Larry define behaviors that show respect, such as listening to workers' ideas and suggestions and being honest in dealings with employees. Larry and Mike stress the deep feelings that the workers in their plant have for the company, about their jobs, and their recent positive work environment. Ed demonstrates his understanding of these themes in his discussion of a previous work experience and his personal satisfaction in being able to help those workers.

All three also discuss the themes of hard work, setting goals, and making ever more challenging goals to achieve. They also recognize the positive and negative impact that leadership may have.

The Nature of Planned Organizational Change

All three managers perceive transformational change having taken place in their plant atmosphere or climate in worker and management attitudes toward each other, as well as in production and quality. All three can describe how the leaders' actions and behaviors made these changes possible. All three differentiate between previous leadership which had existed in the plant and current leadership. All three perceived that previous management created a very negative climate with significant conflict and hostility between management and labor. Current leadership has reversed this situation dramatically. All three managers discussed the importance of team work and open communication. They feel that together they will solve problems and make decisions that will enhance the company's success.

Self Perception

All three speak about their ability to be sensitive about people's feelings. Ed understands that his position enables him to make significant contributions in people's lives. Mike sees the personal goals he has achieved. He sees himself as an expert on production and is secure in his opinions and beliefs. Larry sees his mission as the creation of positive working environment and of secure jobs for current workers' children in the future. Larry is pleased with the opportunity he has to prove himself.

UTILITY CASE: MENTAL MODEL OF ROB

Introduction

This utility company is located in the Western part of the United States. It is a start up business, having spun off from a larger parent company to focus on new markets and products. The new company has been in existence for about two years. Its president was president of the parent company and was the prime mover in determining the future direction that the parent needed to take. He and other managers decided that the best way to take advantage of new technologies and regulatory changes about to take place in the industry was to form a separate company, with the parent company holding a minority interest. Many of the people who formed the new company came from the parent company. This interview with Rob, the president inquires about his experiences in both companies.

This case is an example of transformational change. In fact, two transformational changes have taken place and/or are currently taking place. The first example is the parent company and the second is the new start up company. This case qualifies as examples of transformational change because in the parent company the new management taking over from the retiring CEO, challenged the then existing norms and values. The development of and then the founding of the new company established a new organization with different goals, mission, and culture from the old one.

There is a striking difference in the cultures of the two companies. The parent company had been in existence for over one hundred years. It provided customers with quality products and

services in a regulated industry. Perhaps, the best way to describe its philosophy was "stay the course." It was not perceived in the parent company that any significant problems existed and workers believed that they could count on life-time employment. When the former president retired, Rob was named to replace him. Rob saw many current problems and possibly future ones, but also saw future opportunities. These opportunities are what Rob pursued and they were a primary interest of his. The existing board, which had not significantly changed was reluctant to continue to invest in a costly and what it perceived as a risky venture not within their experience or expertise. The majority investors of the new company see the potential for profit and are willing to risk capital to achieve it in the future.

The new company is entrepreneurial in spirit and in fact. New ways of servicing customers are being planned. Plans are revised frequently. There is a tremendous amount of work for a small number of people. There's a feeling of energy and mission throughout the building.

Rob's interview involved looking back at the parent company and what Rob did as leader there. The interview then moved to the current situation where he is leading the start up. Rob is a soft spoken man in his early fifties, slender, and rather rugged looking in red flannel shirt and jeans. His office is large, but plain in appearance, without what would be considered the usual trappings expected for his position. Rob seems thoughtful and is highly verbal. During our conversation, Rob paused frequently to think and perhaps ponder before responding.

The company, at the time of this interview employed approximately 40 people. It is located in a prefabricated building that appears from the extreme height of the ceilings to have once been a medium sized warehouse. It is utilitarian in appearance with few decorative touches. I feel it to be cold and detached.

The Nature of Organizations

Rob talks infrequently about organizational systems and processes, but does discuss management planning. In the following statement, Rob describes a new strategic planning process. This was instituted in the parent company where he had been CEO.

- It led to our first **comprehensive bottoms up strategic plan** for the company. It began with an **assessment of each department** in the organization: the articulation of a set of issues, plans for addressing those issues, and then an effort to **create some metrics** so we'd know whether we accomplished anything or not. Finally, **a process of review** was decided on that asked each leader in the company, including myself, to present before the management committee a report on how each of us was doing.

Rob had to learn quickly a great deal about his new company's operations. As mentioned below, in the Self Perception category, he acknowledges that he had very little expertise in the specific technologies and processes that would be needed in the new business. The statement below indicates some understanding of the complexities involved in the new venture.

- We are dealing with an array of outside suppliers and part of the work here is managing a set of interrelating external

relationships, which is very different from an asset based company in that they have some important suppliers but which has a lot of its capabilities centralized around assets.

In the example below, Rob discusses a robust process that links individual development plans to the company's strategic plan.

- So we wound up creating a combination of assessment and planning; bottoms up engaged the company that led to an annual plan and personal development plans that were aligned with the annual plan. So we were after creating a self improvement and development capability of the organization, performing an overall assessment in which we got an increasing level of candor and thoroughness, and an assessment of how we were doing in the eyes of our employees, laid against fairly well developed standards of corporate performance.

The Nature of People in Organizations

Rob doesn't often demonstrate a strong understanding of people in organizations. He doesn't discuss an understanding about what members want, what their motives are, and what they want to achieve. As discussed below, in this category, he seems more aware of organizational dynamics that exist in his company. Perhaps, this is because they continue to be a significant problem.

Risk Taking

Rob states his understanding of the tough job they all face in this start-up venture. He and the others could fail in this attempt. He describes the atmosphere below.

- This is a tense place. We are trying to do something hard and we could fail. Everyone knows it and so there is a level of

anxiety here which is way beyond where we were at the parent company.

Understanding Organizational Dynamics

Rob often describes in this interview his perception of the forces of conflict and resistance that result from the mix of people and the daunting nature of their efforts.

- It has led to some conflict between folks who have been with an entrepreneurial setting before and people who have not. They have very different expectations. You know we have some **very strong personalities and strong personality conflicts that are impeding working together**.

The next statement indicates an understanding of some of the causes for the current interpersonal strife that Rob describes. In this statement, Rob discussed the mental model of the former CEO of the parent company. Some of the people who came over to the new company are strongly influenced by having worked for years with that CEO.

- His [the former CEO] mental model of a well run company was a locomotive on the track. With everything greased up and shiny and requiring a minimal amount of guidance and adjustment, just going down the tracks nice and quiet.

The Nature of Planned Organizational Change

Understanding Planned Organizational Change Concepts

Rob demonstrates in these discussions, a good understanding of aspects of current models of planned organizational change. Most of these seem to come from Senge's work including "The Fifth Discipline" and work on Total Quality (Senge, 1990a).

- What we did was to take the Baldrige award standards and select from them a few key standards for ourselves. We set up a process first of all with a diagonal slice of the organization. In a conference we held for a couple of days, we decided to assess the organization overall against those standards. We had a protocol that was pretty well developed and a consultant who was familiar with it. It helped us **create a picture of the company, measured against a fairly well articulated standard performance; customer orientation for instance.** That began to get people used to **the idea of improving and that changing something and making it better was a good idea rather than a pain in the neck or worse yet, objectionable.** It engaged the management of the company in a way because people were encouraged to be very candid on what they thought.

Rob particularly seems to understand the need for strong communication to get the change process going. In the statement below in which he refers to the parent company, he clearly expresses his belief that, in the parent company his management group must communicate well in order to develop a creative process to begin changing that company.

- We did not have the money [in the parent company] to run out and hire lots of consultants. **The management group was going to have to slug through the issues themselves; create a process and slug through it together.** So the task was try to create the ability of this group to have a kind of constructive and on-going conversation about important business issues. Underneath or around all this was the whole question of how one begins to work on changing the approach to work in a bureaucratic industry.

Rob frequently brings into the conversation references to perceptions of the future of his industry.

- I thought that I knew we had a major structural change ahead of us [in the parent company] and we could either sit back and wait or we could see if there could be some opportunities in there for us. We chose the latter and shortly thereafter, I hired a guy from outside the industry with a lot of experience in marketing. **He plunged in and helped us begin to analyze the point of view of consumer marketing. We went through a whole series of planning and thinking processes.**

Rob demonstrated great interest in working with his management group to figure out what the new business opportunities related to deregulation in the field should look like. He took steps, such as financing studies and hiring some consultants, which were often helpful in planning change.

- **We set up a team to begin to try to develop a plan for the restructured industry,** that was focusing on our customers who would be treated like any purchasers in other retail products. **We commissioned a number of studies and did a good deal of modeling**; we visited a number of companies; **we had some consulting help** and by the first part of 199_ we were in the position to try to **assemble a planning team with outside help that could actually try to create a business plan for the new business opportunities.** To make a long story short that was done and we created a process for reviewing a proposed new business plan [for a new separate business] which came to the conclusion in January of 199_ and was approved by the board of directors and we began to look for funding for the new business.

- It became evident that we were not making progress with the organization. We needed some process, some books, we needed some discipline and the consulting help that we had had really helped stimulate a dialogue that led to the **creation of this process and the execution of managing it. It was a process of making it up as we went along.**

Rob recognizes the need for his new company to be flexible and adaptable as important aspects of planned organizational change.

- **Flexibility** is clearly a competency that we have to have. You are right to point it out. It is more critical in its absence and more powerful in its presence than it was in the parent company.

- **[On flexibility]**. In learning to live with the level of uncertainty that we are operating in, in being able to respond constructively to changes in the external environment, it has been a very important learning experience for us. We are learning to knock off another forecast in a few days and you know it would have taken us six months a year ago. We are having a conversation this afternoon with one of our investors about our latest runs, taking a look at ..., in light of some current developments with the response to our current direct mail.

Rob appears to understand the need for more than token compliance with change efforts. Rob wants enthusiastic support as indicated below.

- Enlisting the support of the senior management, one-on-one meetings, discussions, threats, all of that stuff, but mostly **trying to get not merely grudging compliance, but understanding and enthusiastic acceptance.** For those who could not do it I gave up. We had some folks that were talented people, important to the company, but just didn't get this, so they had to be put into places where their attitudes just didn't get in the way.

In the statements below, Rob demonstrates having not only studied planned organizational change concepts, but also, having thought carefully about them. He states that the leader must be able to change himself before he can lead change in the organization.

Ironically, as mentioned elsewhere in this interview and in interviews with two of his managers, this is an area that Rob has a great deal of difficulty in accomplishing, although he makes demonstrated efforts to do so.

- I have, as I am sure you have, **read a lot of the learning organization stuff** , and it is very compelling and **this place has to be a learning organization.** We have to learn everyday and if we don't we are going to get run over.

- Try to build in an attitude and a capability for making a change. You cannot change an organization by changing the people but **by giving people an opportunity to change the way they think about work**. There was training along the way that helped people with this process.

- I guess I would reemphasize the statement, it has been my experience that **there is no such thing as changing an institution or an organization in which the leaders do not commit to personal changes as well**, and to confronting themselves, allowing themselves to be confronted with the need for amending the way they look at things, to rethinking their behaviors and to focus on their activities.

Understanding the Need for Change

In the following statement Rob characterizes the nature of the problems in his company that were targeted by the planned organizational change effort. His following three statements demonstrate his awareness of the need for change but are rather vague about specific problems that may require change.

- There were maybe three buckets of stuff. **One** was trying to **improve the relationships at the top of the company, another** was to begin **thinking about really big stuff** and a **third** was

approaching operational change in a organization that was pretty dogmatic.

- We did have a number of **operational issues** and **future strategic challenges,** but a part of that may have been happening in the industry at large and in order to begin to approach those we needed to set in place the right mechanisms and approaches.

- But by the time he [former CEO] retired, exactly at age 65, it was quite evident to me that **we needed to make some serious changes with the company**.

Rob demonstrates his understanding of the need for change in his former organization. He is able to demonstrate a good understanding of what, at the time, were future problems his former organization faced.

- Well we had the looming question of **where the industry as a whole was going and what might happen to a little distribution company.** We had what I regarded as a **seriously dysfunctional senior management,** and we had a number of a corporation issues, change issues that needed attention, quite apart from where we might go strategically.

- [In response to the question: " So the organization was not prepared to meet any challenges for the future?"]
I didn't think so. The first task as I saw it then, was to **engage the senior management in a way that would lead to improved communications and improved ability to grapple with the issues,** and as part of that we begin to craft a planning process that hooked the management of the company itself in facing these challenges that the company was looking at.

- The **company was in denial** about **weak work practices,** lack of **formal quality programs,** a lack of **formal planning and goal setting,** to a **compensation plan that was bureaucratic** and not

robust enough. The organization was focused on a rather narrow set of criteria. So there was a whole range of matters that needed, in my view, attention in order to position the company correctly.

- But beyond that, out toward the horizon, there was this question of **where was the industry going,** what would a deregulated industry look like, and what might be available to us in a world such as that.

Understanding Leadership and Management

Rob seems to have a grasp of certain aspects of the role of leaders and managers in organizational change. These he expresses as (1) bringing management together to deal collectively with issues, (2) developing good communications throughout the company, (3) focusing on the future, (4) developing plans and processes to change the organization, and (5) dealing with conflict. Some of these leadership and management aspects he directly discusses as his responsibility, such as the two following. However, Rob frequently refers to "we" should do this or that, referring to the management group including himself.

- I am very much involved and **I regarded this as maybe my primary job.** So I think **the work of leaders is to create change,** I think that is what their job is, and there wasn't any doubt about the need for changes.

- You would have first heard a general description of what we were trying to do; **you would have heard from me personally on that in the group meeting.**

In the statements below, Rob recognizes the need to include all levels of management in moving the company forward.

- I think **we** began to face up to the challenge of our **middle management** which I don't think **we** dealt with very well

until **we** began the quality of work which was very bottom up.

- [In response to the question: "What kinds of things helped people to be able to facilitate their ability to change?"] It was primarily the behavior of their **supervisors** which was always the case.

- In a very significant way **we** had left out **middle management** of the company. In part, that was true for a number of reasons. The quality of those people, but significantly the management ability of the **officers** of the company in some cases was not highly developed which is typical in a bureaucracy and as a result there was a time in which I felt **we** were working pretty well as a **senior management** team, but that wasn't translating into results down in the organization and that is part of what led **us** into the quality work that **we** pursued on a very bottoms up basis.

- We set up a series of a **steps designed to pull the senior management of the company together,** explore differences, identify strengths, work out problems, and in general, put us as a management into a position of where we could have constructive dialogues about issues.

Perception of Change

Rob describes his perception of change as successful both in his parent company as the first two statements discuss, and in his new company.

- We did however make **very substantial progress** in improving the ability of the top group to work together.

- I think as the top of the company began to express some feelings we got by some old bad stuff and **we began to come together as a unit.**

- There is excitement. **We have come an enormously long way** in a year, so **we have something to be proud of** and something to stand on as we consider the multiple uncertainties that we need to deal with.

- We think that **we have done first class consumer research,** leading edge in many ways. While we expect to have competition in our niche, we also expect to compete successfully.

In the following statement, Rob ponders how success should be measured. In the next statement, he discusses how he wants to have his company measured, not by traditional "Fortune" magazine standards, but by, he believes, more encompassing ones.

- Well, I hadn't originated the idea, but I think it is correct and that is you **must have a balanced score card.** You must have a set of financial objectives obviously, but you cannot create an organization that can learn unless you recognize and reinforce activity that is other than bottom line oriented; otherwise nobody has anything to worry about but the bottom line.

- One of the things that I am having **difficulty looking at in companies is measuring success.** We **can measure it a lot of different ways. It's typical NASDAQ and the S&P.** This is looking at quarterly results and that sort of thing. There are other ways of looking at it too. **We will have objectives and measures in areas other than the bottom line, including internally focused measures, personal learning, developmental work, customer relations, and process improvements.**

Understanding Innovations

Rob discusses some of his ideas about getting the innovation process moving. A central theme in this is Rob's perception that you

need to shake people up, get them thinking "out of the box," and get them talking about the issues.

- We reorganized in a significant way and gave people some very different jobs and that **created a lot of stimulus in the company for fresh thinking.**

- "Scenarios" probably over-states it because at this point we are at a real conceptual level. I would imagine what the industry would look like and how we might play a role in the company when it was completed. **What we were able to do fairly early was to eliminate some big chunks. We would look at some paths and say we are not going down that path, that's not us.** At the same time, **we began to consider this from the point of view of consumer marketing,** and that is what proved so very interesting, and, ultimately led to the creation of the company and my departure from the parent company to head the new company.

- Some good thinking outside the company, some new people in the company, **people who brought fresh perspectives,** and strong convictions by me that this was something we should pursue. So let's get on with it.

Understand Need for Communication

Rob frequently brings the importance of communication into his interview. Many of the previous statements also include a strong element of the need for communication, primarily among his management group.

- The first task, as I saw it, was to engage the **senior management in a way that led to improved communications** and improved ability to grapple with the issues.

Although infrequently mentioned by Rob, the following two statements demonstrate personal ownership for communications.

- Okay, you would have first a general description of what we were trying to do, **you would have heard from me personally** on that in the group meeting.

- **I appeared personally in some of the assessments** to give them support. **I personally participated in the first round of reports** from the departments on their self assessments. I tried to set the tone, that was shocking, we were so bad at looking at ourselves, in trying to formulate a plan for improving.

In the following statement, Rob recognizes the problems in trying to change how people are accustomed to communicate and the problems associated with an organization that is structured functionally.

- **One of our major challenges here has been communications,** between people, the level of intensity required to move multiple tasks forward simultaneously has proven to be **quite a challenge for a group of people who were more used to a fairly functional division of work.** It has taken a lot of effort to work on that, bust it down and to get people aggressively communicating.

- There was a lot of friction about that particular issue at first, but, now **we have people that never talked to each other now talking to each other and we've learned that that is very important, that if I do this over here, that is going to make a difference for this person over there, and we better talk about it.** Some practice it and some do not. It is on the table as something that is extremely important for us to work on; we are still struggling.

Understanding the Need for Team Work

Rob seems to focus on the need for his management group to work together, although his concept of team work seems somewhat vague apart from "discussing and working out issues."

- My view was that if the company was going to face the future that **this senior management team had to do it collectively** and as a small place everybody had to do it.

- We launched a series of planning meetings in which **relationship issues were placed on the table** and we had some outside consulting help.

Understanding Organizational Culture

In the following statements, Rob indicates an awareness of how an organization's norms and values impact how things get done in a company on a day-to-day basis. Rob also demonstrates the understanding of the impact of the leader on creating these norms and values.

- I inherited a management group in a company that was, despite its small size, none the less **a rather rigid, bureaucratic, slow moving company, 100 years old, run by a guy who has spent his entire professional life in the industry before coming here earlier in the decade.**

- **Those folks came with baggage.** So one of the challenges here is to contend with the baggage in an environment that is even less appropriate than it was in the parent company.

Understanding Resistance

In the statements below, Rob discusses the reality of resistance existing against his change efforts. He believes that the remedy for

resistance is to help those supporting the change and then enlist them in helping non-believers to understand it. Rob infrequently mentions the fear of the unknown that often plays a part in resistance. He appears to focus on rational decisions based on knowledge of the positive nature of the change as being able to overcome resistance. Yet, he does see the need to overcome employee resistance.

- There were some people that just couldn't do it. There were some real skeptics. I had agnostics and some of them did pretty well and some of them were tough. Then there were some believers who were right. **I tried to find believers and try to give them opportunities to help other employees. The question of the credibility of the process had to penetrate the cynicism of people whose opinion hadn't been asked in a long time in any serious way.**

- I think the biggest threat to it was not outright opposition. It was the **lack of knowledge, it was fear and lack of knowledge of how to do things.** The parent company [from where most of the people came] was an organization where people were diligent and honest and worked hard which was admirable in many ways. I would say it was the lack of knowledge and fear that was the biggest impediment.

- [Dealing with resistance] **I don't think it's ever done.** When I look back, it's the first significant engagement of the organizational change.

Self Perception

Understanding One's Own Role

The three statements below appear to indicate Rob's thinking on what his role should be. He mentions three general areas that he

seems to have spent time thinking about; restructuring, future impact of deregulation, and being the calming force amidst the turmoil of change. The first two are visionary in nature; looking to the future of the company and how to take advantage of opportunities as they present themselves. The third is helping people to cope with change.

- **So when I first began thinking about what I would do as CEO** [of the parent company] it seemed evident to me that we had the dual task of trying to figure out the then hazy idea of restructuring our company and what deregulation might do. What our role might be and how we might take advantage of it rather than hide from it.

- **I began to craft a planning process that hooked the management of the company** itself in facing these challenges.

- There are times around here when **I think that my principal job is, as somebody once said, to keep calm.** Somebody has to be composed.

Seeing Oneself as Leader

As the three statements below suggest, Rob sees himself as the leader of the organization. However, this pertains primarily to his vision of the future and strategic planning that he leads or is heavily involved with. His leadership doesn't seem to include interacting with people.

- It's a small enough place so that a little bit of consulting helped me, sometimes helped the company, make a big step. I **was personally involved in a lot of it.** I think the senior management team was strongly behind the effort.

- **I was able, I think, to provide some leadership in approaching issues in a different way.**

- A place **I felt I had to start with a combination of things** trying to reform the way that people saw how senior management related to one another, and launch a planning process that could get us into position to contend with issues in a logical way.

Understanding One's Own Role

Rob indicates that his role includes communicating information about the change, putting pressure on people, providing opportunities for people to confront the issues, being forthright, and doing some coaching. He sees himself carrying out these activities as mentioned below.

- Let me give you a list of what I am involved in personally, for example, **traveling around the company, meeting with groups of employees explaining what's going to happen, and what we are trying to do.** I don't think anyone could ever do enough of that. I undoubtedly could have done more but personal contact with the CEO is real critical for people. Enlisting the support of the senior management, meetings one-on-one, and discussions.

- Some of that took a lot of **pressure** from me, a lot of top down stuff.

- **Create opportunities for people to learn** to be trained to learn, to grow, to **confront issues** with others and with myself.

- **Dealing with people in a forthright way**, who I don't think are communicating the way they ought to, and **coaching** them. This is a small enough place for me to go sit in some body's office and **talk to them about the way they seem to be perceived** and why that is cutting off communications.

Self Awareness

In an effort to improve communication in the new company, Rob approved an offsite meeting facilitated by a consultant. Through some of the activities, Rob received feedback that was, in Rob's words, upsetting and enlightening. The following three statements demonstrate Rob's reported reaction and the awareness that this brought him.

- It became evident to me by reading between the lines and reading some stuff that **I was talking to people in a way that left people feeling negative,** and that **I had a habit of giving mixed messages.** Like, 'gee, that was a really good job you did on that project. Have you thought about this, or now that you got that done, what are you going to do about this issue.' **I was driving people crazy with trying to improve them in that way.** I got a message sent to me that I felt strongly about. It had some familiar echoes going back, not only in work life but in personal life, and so I decided that I better try to deal with it. So I, in the staff meeting put this little sign up on the screen that said I've got this issue and **I've heard some feedback which I think I have straight in my head now and I am going to work on this. So that's what I mean about trying things personally.**

- **I try to confront it.** Creating processes that require it to be confronted by the organization's assessment process. I'm trying to give immediate positive feedback, in ways that reinforce the right kind of behavior.

- **So if I fall short of that everybody knows.** It makes everybody very cynical.

Rob indicates awareness of his feelings and emotions to events in the organization. He seems to be able to put any disappointments in his efforts in trying to make changes into the perspective of the

whole change process. He also seems to realize the importance of making changes in himself, as the leader, to further planned organizational change. For example, Rob is honest and candid about his vulnerability to the personal behaviors mentioned above that negatively impact his management group.

- It was a discouraging moment, that first round of the assessment process. These were all very foreign concepts and ideas, and the first round of returns from department to department, I thought we would never get anywhere. It was very discouraging. **But it was a very important beginning of engaging the organization in the change process.**

- **Relationship management has turned out to be a big deal.** I have lost that close knit management team that I had in the parent company. We have some new people and some people that came away from the parent company with me, that together has proven challenging.

- **We are moving very quickly and it is crunching my habits about decision making and delegation. I cannot have the levels of control here** that I think would have been regarded as commonplace in this industry simply because we have to move so fast that centralization doesn't work.

- **It felt horrible when I first began to understand what it was that I was hearing.** I thought about it; I talked to a couple of people internally that are good at thinking about those sort of things, and decided that I would confront it head on.

- **I have a very strong preference** for conceptual ideas, new ideas, visionary stuff in planning long range and I hate details like my checkbook balance.

- **I've always worked hard but I've never worked on a sustained basis this hard** with anyone, the possible exception I think,

was my first year of graduate school. **Learning the stuff that I needed to learn** to run a different kind of company, the mastery of that stuff is work that I wish I was doing at age 40 instead of at age 54.

- **I find that moving to this job has shaken me.** Part of it, I think, has been simply the shock of leaving a career path and a style of working and a set of commitments that I was deeply engaged with. Many relationships that were important to me that worked over the years are gone, and I gave up a number of community contacts and a couple of directorships that I worked on. **In retrospect** in working on this other activity I **think it was more of a shock to my system than I realized.**

UTILITY CASE: MENTAL MODEL OF RALPH

Introduction

Ralph worked for Rob in the parent company, though not as his direct report. Ralph moved over with Rob to the start up and continued his work in developing business plans for the new enterprise. This has been difficult work, Ralph admits, but interesting and exciting at the same time. Ralph shows a strong interest in the study of organizational development. In fact, he has just begun a Ph.D. program in this subject area. Ralph was open and apparently frank in his discussions about Rob's strengths and weaknesses as leader of both the parent company and now the new spin off. During our discussions, Ralph seemed at ease, pleasant, smiling and laughing easily.

The Nature of Organizations

Management Planning

Ralph has been, and currently is heavily involved with management planning as demonstrated below.

- My specific role was to oversee the development of any economic analysis, rate the business plan, **pull together how the business plan would work,** and stuff like that-the business area of the transformation moving to the new company.

- I'm working on the **business plan to develop the next generation of the retail business.**

- We ask ourselves if deregulation happens how would we reorganize? We went through several processes in order to develop our plans. We would meet as a group and then split up into teams; we literally split the organization into teams.

The Nature of People in Organizations

Understanding People's Needs in Organizations

Ralph demonstrates an understanding for some aspects of what people need in organizational settings. Specifically, Ralph mentions the need for the CEO to get to know the workers, listen to their problems and ideas, and generally show an interest in who they are and what their work life is like.

- But like any other transformation from one leadership to the other, you are looking for other characteristics and there is always a tradeoff. I think from the organization's perspective **people might have enjoyed somebody that has an interest in a lot more contact with people and show a lot more interest in people who work in the building.**

Understanding Organizational Dynamics

Ralph seems to demonstrate an understanding about the impact people have on each other when they are working in an organizational setting. In following three statements, Ralph describes clashes of ideas and concepts about how the new company should be structured, they way it should be managed, and who gains and who loses.

- We developed this new business, while still within the parent company, and, as you can imagine, it wasn't easy picking and choosing who was going to work on what and **if you worked on it that meant you were kind of in Bruce's' camp and that**

made for some bad feelings [Bruce is a controversial marketing guru brought into the parent company at the director level]. Bruce's group or Bruce had to interface with some of these people who were more of the traditional economist mode or traditional whatever mode and **just didn't believe in Bruce's approach or thinking on it and you got, and still get, hard feelings.** By the time we left there were people there in the parent company who were so happy to see Rob and Bruce and the rest of all those idiots go.

- So I think initially we felt, here we are, cool, **we're in this business together, now let's get the work done,** let's figure it out. **There was a ton of work to do and of course we hadn't staffed any areas where we needed additional people yet, so everybody was working many hours.** It was tough to do any real organizational work right away.

- Bruce's a good guy, but he's a marketing guy and he's as much a marketing guy that you're ever gonna find. He is probably more of a marketing guy than you're gonna find at Proctor and Gamble or anywhere else and you drop him into a company [the parent company] that's in the middle of trying to find its own soul. You turn him loose, not to be the change agent, not directly responsible for changing the company, but help us feel out where we can go in the deregulated industry. Bruce got things going that eventually led to the development of this spin off. **As you can imagine it's a bit of a shock. There are still a lot of tough feelings. I mean, there are people to this day from the parent company, that won't talk to Rob and won't talk to Bruce.**

Ralph explains how he took on the role of explaining and mediating issues involving interpersonal dynamics and business issues. The two statements below demonstrate his understanding of interpersonal issues and conflict.

- My role is kind of interesting because I always find myself kind of in the middle, I mean, I was one of the few people who, I think, bridged **the gap successfully between the people who understood where the changes would take us and the people who are not very enthusiastic about it but also had done enough marketing and business development stuff to appreciate that it might have some long term value.** I found myself a lot of times trying to mitigate and **spend time with people who had doubtful feelings and try to explain to them why the business proposition was needed and why so and so is behaving this way or that.**

- I work with some of the people in Bruce's camp **trying to explain to them that, 'look this is the perspective you got to be thinking about, this how you are perceived and this is why,' and I was kind of in between in the terms of organizational relationships.**

Ralph's View of Rob

In discussing his views of the CEO, Ralph's discussion centers around the themes of Rob's need for greater communication at all levels, and particularly the informal kind, demonstration of more interest in employees by connecting to their interests, greater participatory management, more of a hands on approach in his leadership style, spending less time isolated with the senior management group, and being more approachable to the employees. In addition, Ralph believes that Rob is weak in knowledge about certain fundamental aspects of the business, such as marketing and information technology which are critical to the new business. But Ralph gives him credit for initiating and moving some of the changes in the parent company. Ralph sees Rob as honest, hard working, and

trustworthy and a person of high integrity and moral character and believes others in the company see him similarly.

- I think it is important in leadership to demonstrate a commitment to more informal communication in building relationships at all levels of the organization. **I don't see that happening a lot, probably it would be to the benefit of the organization if he did that.**

- I think Rob stays pretty much to himself and has been working hard. He's a hard working, serious, intellectual attorney. If you look at Myers Briggs or anything that you want to measure him on I'm sure that you would find that **he tends to focus inward and is introspective and thoughtful about things,** that it's not his pattern to wander around the building.

- People had the feeling that Rob would take things in the right direction and things would be **somewhat more participatory.** He was younger, could probably go in that direction, has a lot of good characteristics, and he is somebody that everybody in the building trusts. **I think there is certainly a sense of trust and I think he has always been construed to be a person of high integrity and high moral character and I think that that is probably what he depended on when he came in.**

- There were some tough years at the parent company, I think, for him. There was a lot going on for him that maybe he should have gotten more involved in, but didn't. **The hands on approach really didn't work very well either for him** or any other senior management with some of the issues that had to do with district offices and employees' problems. And you know **there probably should have been more involvement by Rob but it just never happened.**

- **Just the building, the attitude, the nature of the industry, the nature of the organizational structure supports his**

detachment. You have so many support systems that allow somebody like that to be the way he probably preferred to be: somewhat remote, spending a lot of time thinking and talking to the senior staff, but really not involved with the rest of the people.

- Rob is not deliberately unapproachable, but **the nature of his style was to try to engage in conversation, not to try to make a real connection with people.**

- I think the consultant spent a lot of time attached to Rob's hip and worked with him in trying to change the organization, **trying to change Rob's role in the organization.**

- For Rob to go and start doing some of that change in the parent company probably took a lot of time, energy, and initiative on his behalf which people probably don't give him credit for. **He did it in his own way. He wasn't down on the floor shaking everybody's hand and he wasn't trying to overtly develop that kind of relationship and that kind of leadership style. But I think he initiated and allowed some of the change to happen.**

- I think **an awful lot of [Rob's] internal energy was directed toward developing the new business [before the spin off was created].** I think if you were to ask a lot of people who work for the company, the people who do the real work, who go out to service customers, and answer the customer service number, **they'd say that no it wasn't running well, it hasn't been running well for three years.** Rob has been preoccupied with this idea of a new business to satisfy his own needs and the people in the glass palace over here are doing what they want to do and they are cutting back on customer service reps and we're overworked. **Nobody pays any attention to us.**

- I think Rob was struggling to try and figure out what he was supposed to be doing. I think **you've got this business that's**

heavily dependent on marketing and Rob doesn't know anything about marketing and it's heavily dependent on IT systems and he's not an IT guy.

- I think **it's tough for somebody like Rob who is fairly structured, likes milestones and clear paths.**

The Nature of Planned Organizational Change

Understanding the Need for Change

The issue for Ralph about the need for change centers around the changing nature of the industry. In the statement below, Ralph describes his view of the need for change in the parent company.

- **Either you believe the industry is changing in such a way that we really need to try something different** or you don't and people who looked at things in a more traditional economic kind of way just didn't believe.

Understand Innovations

In the statement below, Ralph demonstrates an understanding of the innovative nature of this start up business.

- **One of the things you have to realize is that this is a brand new industry.** We are a brand new company and even the vendors who will eventually provide some of the services have never provided them to any one doing this. **What we are doing is breaking new ground in many areas.**

Understanding the Need for Teamwork

Ralph states that a team is a group of:

- People who really know, understand, and trust each other in a complete fashion.

While working at the parent company Ralph was heavily involved in planning the new spin off business, Ralph mentioned the difficulty in getting in touch with others involved in this planning.

- Let's say somebody like Peter, his time was divided between the parent company and developing the spin off. Our offices were in different corners of the buildings, and it was really tough because he was working on certain aspects of the business when he could squeeze in some time. I'm doing my piece when I can squeeze it in. **Everybody is doing their own little component part but we were not really a team there.**

Understanding Planned Organizational Change

Ralph seems to understand that change is often not a smooth running process of events and that it takes time to make it happen the right way. However, waiting too long to begin, according to Ralph, only aggravates the problems that the change is designed to alleviate.

- Unfortunately, a lot of the employees just don't have the sense of perspective on this, **what it takes to get an organization to turn 180 degrees. We are going to have starts and fits; we are going to be trying stuff and all of it's learning, and it's all going to take you in the right direction**. It's better to be doing this than sitting and waiting for some grand scheme three years from now.

- It is easy to compare us, for example, to ___ because we are a little different in size but not tremendously. We are in the same state, we are both historically similar, and they on the other hand have always historically been a lot slower to react as an organization. In that two year period **they didn't do much of anything and now are going through a massive restructuring with layoffs and all the rest of the pain.**

Ralph, in the two statements below, mentions that change is very personal in nature and affects people in different ways. Ralph believes that it's important for people in the organization to know what the change means to them personally.

- I think the transformation to being a new company was something that **people needed to try and figure out on kind of a personal level real fast. Even coming in here, people came in with their own set of dynamics and intentions.**

- So my role was not OD stuff, that's Sam's, I'm interested in this stuff and I'm just kind of getting up to speed on a lot of it. I'm going to be taking a more active role. I want to look at what are some of the real issues that people have. **Let's not do another survey or structured questions, but dialogue to try to get the feel for where we left off with these activities from the offsite [meeting] that we've done and I'll be doing that.** It will be the most active I've been in this area.

Understanding the Need for Communication

Ralph demonstrates some understanding of the need for communication in several aspects of business. Ralph states that communication with customers and employees is necessary to understand what customers and company employees are thinking.

- Part of the goal of informal relationships isn't just that you go out and make friends, **it's to really understand the business, to really understand where your customers' thinking is and so on, and really understand where your employees' thinking is** and you know, I think that **there is a lot of benefits to that kind of communication.**

In the two statements below, Ralph focuses on the need for the organizational leader to pay attention to communications. Ralph

believes that leadership requires good communications and there are negative consequences to not paying attention to it.

- **If you are not engaged in that process of getting feedback, then you yourself are not learning as much about the business as you actually could and that is important to a CEO.** So I think more involvement with day to day operational activities, in an effort to be able to demonstrate more leadership in the position.

- I think **communication tends to be formal around here.** What communication there was in the parent company was formal and what's left is a very bad attitude so if you interview people you will find that people have very bad feelings in that two or three year period previous to this.

Self Perception

Although, some statements that Ralph makes in this interview come close to being considered Self Perception, none clearly demonstrates this category.

UTILITY CASE: MENTAL MODEL SAM

Introduction

Sam is the manager of organizational development for Rob's new company. He first started at the parent company and still splits his time equally between the two. He is much more interested in the excitement, energy, and enthusiasm of the start up company and the opportunities to learn in this new experience. Sam has a difficult job, since he feels it's his responsibility to challenge Rob on actions and behaviors that negatively influence the company. Sam's statements reflect his inner battle on the dangers inherent in this and on what actions he should be taking to fulfill his role.

I was not expecting to interview Sam; however, Rob thought it would be a good idea to do so. The interview was a surprise for Sam also. When I arrived at the interview location in an unoccupied office, I found Sam seated and sort of huddled in a corner. He appeared to me not pleased with the situation. Sam seemed uneasy during our conversation. He was neither concise nor fluent in expressing his thoughts.

Nature of Organizations

Sam does not discuss either management planning or organizational systems and processes in our interview, although my questions might lead him in that direction.

Nature of People in Organizations

Risk Taking

Sam seems to understand that his position has potential risks. This is caused by the nature of his work which involves helping others in the company see how their actions and behavior may be blocking organizational growth. This theme returns in other categories particularly under Self Perception.

- I am discovering that I that **I have to take my chances** and **take more risks** than what I had originally anticipated; I need to go out on more limbs.

- I am familiar with having to **take chances without being 100% sure that I'm doing the right thing** or that I will have the right outcome.

- **I need to take some more chances** here because I think we are on the right track. I am not sure we are getting there fast enough. **I also think that we need to shake things up**, I mean, I think that we need to keep things really changing context where people try to deal with these issues. I don't want people to get complacent. **I don't think our organizational structure is conducive to communications.** I talk quite a bit about how people need to relate to one another. I don't think our organizational structure is one that will serve us well.

The statement below indicates that Rob feels his honesty with me may cause him problems. He also seems to feel the need to protect himself by equivocating his remarks and by retracting his first position. It appears that Sam is well aware of his potentially dangerous situation.

- **I am probably getting myself into trouble.**
  INTERVIEWER: Do you want me to stop the tape machine?
  SAM: No, no you just do what you said you were going to do [referring to confidentiality of the interview]. There is nothing personal about all this you know. From my point of view nobody said I am right. Nothing says that I am right nor do I think that my viewpoint is the one that has to be advanced.

Organizational Dynamics

The following statement demonstrates Sam's perception of interpersonal dynamics that existed in his former company and currently exist in the new one in which he works for Rob. Sam appears to understand how the structure of the company may negatively impact the way people work. In several of the statements that follow, Sam demonstrates this understanding and warns against the current structure.

- It was really interesting to arrive at the other company (where Rob was president) because **I was pretty used to a dysfunctional management team. At my old company [prior to the parent company], it was commonplace that the culture was pretty brutal.** So I come in here and work on a senior management team. It's quite different here. I never hear anybody bad mouthing anyone. It is amazing. **You got a senior management team that is running all around full of tension with one another totally detached from the rest of the organization** and then there is **this gap between the senior management group and the rest of the organization,** such that the people don't even know who they are, what they do, or do they care or think it has much to do with them or their work.

Sam comments on the hierarchical structure of the new company and the problems it presents for communication and teamwork.

- What we like to think is that we have a flat organization, but **when I have 40 people in the organization and eight of them are director level, that is not flat.** I don't like those words, 'senior management.' I think you are already starting to separate people with those words. Rob created the same structure that he had over there without doing a careful analysis of what was the best structure for this particular company. I didn't come over here with the assumption that we needed a senior management team. I wasn't resistant to it, nor am I now, nor do I think it is necessarily a bad thing, but I thought it might require some good conversation. **The whole senior management team has been forever debating what their particular realms of domain should be or what their titles should be and what their pay should be, and everybody else witnessed it all, it's not like we don't see this stuff.**

- They [the lower level employees] are doing okay with each other, doing the work, but they are not at all connected to the senior management team. **That team is in the stratosphere doing their own thing with one another.**

- I am supporting people here with a lot of issues around our climate. We do a climate survey and from that we have received **less than favorable responses having to do with how we manage conflict and how we avoid blame.**

- Rob's senior management team has a lot of touchy topics you know, about performance appraisals, the decision making process, and compensation systems. In their recent meeting with Rob, he jumped right to it, boom, boom, boom. **People were very unhappy with the way he**

rammed his decisions through. I thought I had some insights that would help them in the future in trying to deal with what I thought was causing some of these difficulties that we were experiencing.

- We have some tough personalities here, you know. They are tough personalities, but they are good people. They want the right thing to happen and for the most part I **don't think that interpersonal relationships are problematic.**

- That's why I said what I did about the senior management team. That's why I'm not sitting down with Rob on the complaints about his senior management meeting we discussed. I wanted to send a message that I am not necessarily Rob's boy. I am an independent agent, otherwise I lose my effectiveness with the other people.

What Makes People Tick

Sam appears to be interested in people's behaviors and motives.

- To me it is very interesting to try to discover **why the people from the parent company came here as opposed to staying in a more secure environment.**

Sam's View of Rob

In the following statements, Sam describes his perception of Rob. He discusses Rob's leadership style, his need to control things, and his need to be the center of any approval decisions. Sam gives Rob a great deal of credit for taking a big step in becoming more open to some fairly significant criticism about his interpersonal behavior and some questioning of his ability to lead the new company due to his lack of experience and knowledge.

- I'm still **not convinced that Rob has totally internalized it,** although, that he is much farther along than all the people who were before him, but **he is still likes to hang on to a lot of strings, he just can't let things go.**

- I mean **he still likes to really hang on to an approval or to really be in control** and so there are some limitations that that behavior causes on what we are able to do.

- Interestingly enough, **Rob brought some of those personal needs for control with him here and we have been struggling with those here.**

- **He does recognize that need for approval and control,** to his credit, but I'm not sure he sees it as something that he should get rid of. **I don't think he sees it always as a handicap, and I think he always tries to sort through things.** On the one hand, people say he still has control of everything and on the other hand people say he is too goofy and too detached and doesn't understand operations, doesn't understand details enough. So there is a natural conflict here between these two and I think he wrestles with them as well. There is no requirements that everybody is going to be able to meet all the needs all at once, **he has made a huge contribution.**

In the statement below, Sam demonstrates admiration for Rob in his efforts to deal with the criticism described in the above statement.

- At least he's started to get out and talk to people some and get more in touch with what was going on. He started to make some decisions on his own about changes he was going to make. **He made them public, talked to people, was fairly humble with people, saying, this is what I am learning about myself, about you; it was really remarkable, and I really admired him for doing it.** It also put him into

a position whereby he was able to help other people. He had made himself vulnerable. So we started to really move then into a different place and we built on that by doing some additional work with purpose and values and you know that worked together very well. It is really important that we keep that going.

Nature of Planned Organizational Change

Understands Planned Organizational Change

Sam realizes that to be effective in his position, he needs to have direct access to Rob and, as he said in a previous statement, he must appear to everyone as independent and unbiased. This is important for Sam to be able to help the organization grow and develop.

- I work indirectly for Rob, but I don't want to be that indirect, I don't want to be by myself going through too many layers.

The following statement demonstrates both the importance of unfreezing or shaking up an organization to get it to change and the part that the president had in initiating change in the parent company.

- What Rob did at the old company that was significant was that **he unfroze things. He scared the shit out of some people,** I mean essentially he told people that they were not guaranteed a life time employment. If they wanted to be around they had to make a difference. They were responsible and had to take self responsibility. **He unfroze things in that regard, which was a 100 year freeze.** Yeah, [in the new form of the parent company] they could speak up

and they could express their viewpoints. There was, at least, some hope that they would be heard and acted on.

Providing feedback to the organization is critical for it to hit its target. Knowing how well it is doing enables the company to keep on track towards its goals. In the statement below, Sam appears to recognize this, although he is dissatisfied with the company's progress and the difficulty in determining the reasons for its current problems.

- The start up company aspects of it are less clear than what I had hoped they would be. **I had hoped I would start out within a period not too long to tell whether we were successful or not or needed more feedback.** This is long and drawn out. **It is difficult to determine cause and effect.**

In the statement below, Sam indicates a familiarity with Senge's concept of creative tension. With this tension greater creativity occurs, according to Senge (Senge, 1990a).

- The model that **I operate on in my own head is the creative tensions stuff right between current reality and an alternative future vision.** In my work, I try to create tension between the two, that is present and future, so that it results in a legitimate attempt to change. I try to make a big contrast there in order to shake people up and really get them to think it is worth going about this change without saying that I don't think it is worth it and being honest about that. Then once I get to a place where there is a legitimate and tense change, then I try to use a little different approach which is a much more supportive approach. I tell them, 'you did it before and you were so successful at it that you can do that again.' You go from a big contrast to actual similarities.

Sam seems to feel that communication is not what it should be, not only at the senior level, but also throughout the company. Sam says communication is "minimal almost everywhere." This is a significant theme for Sam throughout his interview. He returns frequently to it.

- I don't want Rob to get angry right, because if he gets angry other people are going to know it and **they are not going to tell what they truly believe. Until they are able to tell him what they truly believe we are never going to be able to move on from there, we just won't talk to each other.**

- **I would like to see people talking more about what is on their minds,** not so much what they think they [management] want to hear about but what they think they should be talking about. **I would like to have people talking more about the issues that are most important to them.** So that people would really begin to develop stronger understandings for one another. **I personally think it is a key to the success of the company.**

In the following exchange, Sam states that the fact that there is not much communication in the company needs to be opened for discussion.

- [In response to the question, 'So you think that people Rob works with, at least at his level, don't feel free enough to really express their ideas or feelings?'] Not yet, that's what we need, and I am not talking long term, I'm talking in the next, you know, 30 to 60 days. **We need to challenge this thing pretty seriously** [the lack of meaningful communication]. We don't need to resolve it, **we need to open it up for discussion.** I think they believe that we are going to resolve it quickly. If we go into it with that attitude, there are going to be winners and losers.

- My goal or endgame is to try to **get people talking to each other and telling you the truth all the time.**

In the following two statements, Sam indicates his belief that meaningful communication results in innovation and innovation will lead to a competitively successful business.

- **I think you are going to get a more diverse array of view points on a given topic, a greater array of viewpoints and therefore options.** I think that you are going to get more creative options and I think you are going to get more out of the box type options. I think you are going to be able to challenge the things that people have habitually accepted to be the status quo.

- Because I don't think it is commonplace, I don't think that it is common. **I don't think that most of the business organizations you walk into you really find people talking directly, openly, truthfully, and fearlessly, with one another** and I think the companies who are able to learn that capability are going to have people with more meaningful relationships with one another, and **I think it's going to be a competitive advantage from a business point of view.** I think the people who work there will find it to be a more rewarding work environment.

Understands the Need for Teamwork

Sam believes that team building is the responsibility of all members, not just the leader as indicated in the statement below.

- I don't think it's Rob's sole responsibility to make sure the management team works cohesively. **I think it's everybody's responsibility.** They need to come to that table with that attitude, that they have ownership too and they

want to make this an effective team. It's not going to work that way unless they really want that to happen and make their contribution as well.

- I thought it all needed to be talked about. Everyone was given a good job. There was a lot of old stuff that we brought over here with us and we brought it over here long before it kind of blew up on us. **It was clear that there were different fractions [sic] developing in the company. People thought they could create something new; this isn't new.**

Self Perception

Self Awareness

The following statements demonstrate Sam's self awareness about himself in the start up company. He appears to have a strong interest in self learning and having the opportunity to be in a start up with the challenges that ensue from that situation.

- I always wanted to start my own company. I didn't know if I would end up starting my own company, and **this may be my closest realistic opportunity in doing that.**

- What's challenging about it is that there are so many different cultures, and the reason **why I came here is that I personally thought it was more interesting in the kind of culture that we could create here.** It's somewhat de-motivating to go back to the other culture [the parent company]. I don't want the other culture [the parent company] to feel that way or to sense that.

- But the reason that I came here was because I thought I would have a **greater opportunity to influence and might be able to make a difference.**

- **I think there would be a ton to learn and I just couldn't resist passing it up.**

- I really enjoy it. I mean, **I definitely feel challenged** but also **I am definitely enjoying it.**

Sam seems quite introspective and the following statements demonstrate his questioning of his role and the pressures he feels to contribute in fixing the problems he sees.

- **I don't feel as though I can fix everything you know,** I can't take personal responsibility for everything the way it is or should be. I can't accept that responsibility.

- **I'm trying to figure out what I should be doing.**

- **I need to be a lot more aggressive.**

UTILITY CASE: COMPARISON OF MENTAL MODELS

Introduction

In a number of ways, all three managers seem to agree about what actions need to be taken for the new company to be successful. However, between the CEO and the other two managers there are significant differences in their perceptions of what is actually taking place in the organization. The CEO sees himself as taking actions to deal with communications, teamwork, and leadership, while the two managers do not perceive the CEO as taking effective actions in these areas. The CEO perceives that he has achieved transformational change in the new company; the managers see that many aspects of the former culture from the parent company still pertains.

Nature of Organizations

None of the three explicitly discuss management planning or organizational systems and processes. Rob speaks in generalizations about this subject Ralph relates his experience both in the old company and new one, researching and writing strategic plans for the new business. Sam does not discuss this subject in any way.

The Nature of People in Organizations

Rob talks extensively about interpersonal dynamics that existed in the parent company and that former president's impact on the organizational climate. Rob states that this whole effort involving a start up enterprise is very difficult work and could fail unless

interpersonal dynamics are successful. On the other hand, Rob's managers Ralph and Sam perceive him as being remote from his people. They do not see him as understanding employees' motives or needs in the organization. They see him as detached and impersonal. They believe that this is not the way it should be and that Rob needs to connect with his people on a personal level, to be more hands-on and less isolating of himself with senior management. They both admire Rob particularly for his honesty and hard work in bringing the new company into existence. They both perceive Rob as needing to be in control far too much.

The Nature of Planned Organizational Change

All three interviewees demonstrate an understanding of planned organizational change concepts and principles. Rob seems particularly strong in his vision of the future of his industry and the changes that will be required. He discusses the need for his organization to be adaptive and stresses the importance of communication and teamwork. Ralph and Sam also discuss these same concepts and principles and Sam mentions the advantage to companies that are able to implement these. However, they do not see Rob carrying out these change concepts and principles nor having the ability to do so unless he makes significant changes in his modus operandi.

Self Perception

Rob sees his job as leader being threefold: first, structuring the new business; second, strategic planning, and third, being a calming force in the organization. In addition, he sees his role as

communicating information, providing opportunities for people to confront issues, and coaching others. Rob admits to not having much knowledge or experience in many areas of the new business. He indicates he is working hard at catching up. Rob also believes that individuals must first transform themselves before they can transform their organization. To this end, during an offsite designed to open communication, Rob took seriously comments about his lack of giving positive feedback. Rob shortly announced his understanding of this and his desire to change the behavior. He asked the help of others to let him know when, in the future, he exhibited it.

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MARKETING CASE: MENTAL MODEL OF MARY

Mary is founder, president, and CEO of a large and very successful marketing company. In an industry where women don't often rise to the top, Mary has.

A couple of days before my interview with Mary, I received a personal call from her asking me if we could move the time back an hour. Upon entering the office, I immediately noticed the bright newness of the surrounding. The company had just moved into these offices just two weeks earlier, and there was the hectic feeling of setting up shop while keeping the business going. The receptionist told me that Mary had not yet arrived from a meeting across town, to have a seat, and help myself to a cold drink. She pointed to a large built-in triple glass door refrigerated cabinet near the entrance. I asked her if I might walk around, and she indicated to go ahead. The impression I got was that this was a fun place to work. It was busy and exciting. Salespeople sat around bright new desks in semi-cubicles talking on telephones or going over papers. Marketing material and copies of newspaper and magazine articles were organized on one wall within arm's reach of the copy machines. Flashy brochures with photographs on glossy paper highlighted the professionalism and image of status and success. Most of this material related the success of the company in being able to satisfy its customers. Prominent were articles about Mary, featuring glamorous photographs of her.

I returned to the reception area and a few minutes later Mary flew in, looked around, and immediately came over to me and

introduced herself. Medium height, attractive, slender, blonde dressed for success, Mary was warm and outgoing in her greeting. Almost as quickly, she excused herself to speak with two people I had earlier seen taking measurements of walls and windows. I noticed how Mary placed her hand on the arm of the young man to whom she was speaking. I overheard her say, "You make the decision. I have confidence in you."

Mary took me into her office, but suddenly realized someone else was sitting at her desk. An employee was using her office as a quiet place to work in the midst of the moving-in turmoil. Instead of using her office, Mary showed me to a small glass enclosed meeting room that, as yet, had no door.

My perception of Mary in our interview was that she was thoughtful and honest in her comments, which were often revealing and not altogether flattering to herself. She was animated, with a great deal of energy. Although, she often was self deprecating, she seemed supremely self confident. She seemed warm and made me feel comfortable right away. She would periodically place her hand on my arm to emphasize a point. Strangely, she did not sustain eye contact, often looking elsewhere as we talked.

Mary discussed her three major areas of concerns. First, she feels the need to manage potential customers' and the public's image of her and her company. Second, she is concerned about controlling her business. Third, is what she calls "people technology," that is, considering employee issues, giving them the opportunity to do their best and thereby get the most out of them.

Management Planning

Mary seems not to focus a great deal of her time on planning. She states that she has not had to devote much time to this activity. Mary's approach to planning is pragmatic. Determine what the goals are, determine who is best at achieving the goals, then tell them to go get it done. The following three statements demonstrate this approach.

- I do know that in the last three years I have found strategic planning to be far more difficult because I had a child for the first time, so my head wasn't entirely focused. But now, only in the last six months, I have kind of settled in and given that a little thought and I think it's something more than a reaction to a difference in size; we're bigger by 50% than we were four years ago and **I don't think that I allowed for how to do that. Not that the planning is necessary. But probably, theoretically there should be a need for more planning if you're bigger and I don't find that to be the case. I think you have to almost make your plans more pure and simple, because I found that when I used to have myself and three managers that went on a retreat, we would hammer out our plans for next year, test them, and come back, and every piece of it got done.**

- And the last time we did it, I just took my strongest men, whatever, who are the best marketers, the best from an accountability aspect. **I assigned them the planning task and said, 'This is your thing, you gotta make it happen for me. I want to know how you're doing, okay?' And it happened.**

- But if you think about it, I took like twelve people away and spent three days on all this stuff, and what I was really doing there? **I figured out the three most important things, and put**

my best three men on it, and they skinned the cat for me and got it done. So I felt a lot better last year than the year before about the planning process.

Mary did not directly address organizational systems and processes in our conversation, although she had opportunities to do so.

The Nature of People in Organizations

Understanding the Need for Rewards and Recognition

Mary demonstrates understanding for the need to give rewards and recognition to her employees. In the following example, she explains that she believes it's important recognize support people in the office.

- We started giving out trips to Europe and we would say, '**You write in who you think the best person is in your office as far as helping everybody.**' I called it the 'Good Guy Award.' And every office gets to select one person and we send that one person with their spouse or their friend away for a week to Europe or wherever they want. I publicly award them because I think it's a more positive way to do it. You know, rewarding and making a spectacle of how we treasure versus killing the enemy. So I think it's a better way. The other way sits in the 1920's somewhere intimidating and browbeating employees.

Organizational Dynamics

In the following statement, Mary demonstrates understanding of interpersonal dynamics among her salespeople. Although, salespeople are very independent, she knows they need to support each other, and she has figured out a way to make it happen.

- I mean it sounds so easy now, but I really thought long and hard about it from the day each salesman was hired. **So I created a marriage from the beginning, so a new kid on the block met the same new kid on the block from the other side of the tracks. So, they were partners from the beginning.** But to get to that point, I spent two years lecturing to people, 'Remember Mary from the West Side of town? Remember Joe from the East Side? He's a nice guy; he can help you.' I gave little cocktail parties so they'd meet each other but it didn't work. **The only way it worked, was to put them in the same training classes, like a camp almost. And then I never had to worry about the communication. They sought each other out.** So I think you do have some real calls on how to make that happen organizationally. Yes, I guess that's the point I'm making.

Understanding People in Organizations

In her interview, Mary often mentions how other people make significant contributions to the company and further, she recognizes that people want that opportunity. The following statements discuss two entirely different situations that demonstrate her understanding of this topic.

- So you can plan that way but then there is a more subtle way which I think is based on mutual respect. Like just making people feel like the little guy is as important as the big guy and his idea is very often the winner. And it really works. **I get most of my good ideas from people who aren't in the advertising department, but are people who just kind of think, 'Hey wouldn't that be cool.' So, that's where my eye is. I don't know if that's the way you are supposed to do it. But for me, that's the way it works.**

- We waylaid the whole agenda because one great salesperson challenged the company and what it stood for, and what is

our philosophy, and how do we communicate that to the outside? **She was the most negative, chronic complainer I have ever heard in my life. I wanted to shove it down her throat. She was raving about our arch rival in the business.** One ad they did a good job on and frankly they are not even marketers. We do like tons of great things, and she's raving about this like a traitor. I wanted to kill her. **But then I swallowed my rage and I said simply to the rest of the table, there were maybe fifteen of us there, all salespeople and I said, 'Let me ask you, let's put it out on the table, what do you think is the philosophy of this company?' I decided to give her theory a chance and guess what I found out? There was no philosophy.** I had a philosophy that I thought everybody understood. But obviously, I failed to communicate it and it hadn't been integrated, and that played tricks in my mind. In reality it didn't exist. **So this brave lady, in being a chronic bitching complainer, helped us.** I realized that there was confusion. Everybody had a different idea. If I had a clear idea but nobody else had it, so what good was it? So, what we did in that meeting was to shelve the whole agenda and I got flip charts out that we could write on and we did nothing but brainstorm for two hours flat on what we believed was our philosophy.

The Nature of Planned Organizational Change

Understanding Resistance

Apparently, Mary's approach to dealing with resistance to change could be described as first creating an environment of trust and honesty, second, persist in your efforts, but don't go overboard in trying to force the change, and third, negotiate with those affected and listen to their resistance.

- **So they objected to the advertising proof and they certainly thought they looked silly posing with dogs and people. But I stood up and said, 'I'm gonna run this campaign for two months. I promise you if you don't like it in two months, I will pull it. ' And all I wanted to do was buy three to four weeks' time till they started getting a reaction from the public.** And then people knew them, saw them in the ad. 'You look beautiful.' 'Oh that was such a clever ad.' 'Oh, I love the fact you're a power salesperson.' And then what happened, the resistance disappeared. **So I was right; they were wrong, but because I acted, and I meant it, because I wasn't gonna kill myself over this, to give a little space, it took care of itself is what I'm saying.**

Understanding Leadership and Management

In our interview, Mary stated that she didn't know what kind of a leader she was nor, was she able to give a name to her leadership style.

- What I'm saying is, **I think if leadership is about loyalty, then I must be a great leader because people really would follow me anywhere.** I am convinced of that.

- I think I am **a very good motivator or leader** through storytelling, if that's leading. I don't know if that's leading or motivating, or whatever.

In the next statement, Mary perceives distinctions between business men and women about what they focus on in thinking about business issues. Mary believes that people issues are the most important, while she believes that men focus on a territorial perspective.

- I have to say that all the people I know in business, and many contacts are with men, unfortunately, and **I believe in my**

inner self that there is a real difference between the way women run businesses and men. I really believe that, so I have to separate that out. When I bring up business issues to the table, when I'm in a forum with all these guys, when they all bring issues to the table, **my focus tends to be on the people issue part of the problem. Because I am always think that at the root is somebody's ego, territory, or something like that.** So that's where my thoughts go. I find that the guys don't focus on that much. Most of the guys are much more focused on territorial aspects, and I know it's stereotyping.

In the next two statements Mary demonstrates her contradictory thinking about delegation. In the first statement, she speaks of her hands-off approach, but then later talks about her needs to be involved and to control.

- But my other offices I haven't been to since the day I opened them. I never visit them. **I don't ask for anything from them.** They run it. They run their own business.

- The only thing I ask is when we jointly decide on policy, that it's disseminated and we have the same common policy where we must have policy and I'm anti policy, wherever I can be. So, **I think I give them tremendous latitude and tremendous independence. However, I'm an anal son of a gun on something like I just described.** [Interviewer, "I want to point out you were talking about your ability to delegate and then this sounds like maybe a step back in delegating?"] Definitely. It's exactly opposite. **It's like, let me delegate the responsibility of running the office and recruiting for the future but let me tell you how to do it. Delegating, please. It's ridiculous.** Okay, and yet I'm also told by my managers that I am a phenomenal manager because I think in a broad sense I really am. **But, if they let me in on the details, this is the thing, if they let me in on the details, I'm gonna get involved.** But I generally am not involved in any of the details.

Mary apparently thinks that innovation happens by first creating the proper work environment. If this is done, innovation just happens. She believes that key factor in a creative environment is a free flow of information, as described in the following three statements.

- I don't think the hard part is having the idea and planning for it to take place. **I think of the structure and processes of the business being like a basket that you just drop the ideas into, it's already in place.** I think the hard part is getting the ideas.

- I for one have never had an original idea in my life, right. However, I think I have really built an organization where people listen to each other's ideas. **I think the whole key in innovation is not structuring to accommodate innovation, I think it's structuring yourself to hear it.**

- I think I am trying to re-emphasize again what I just said a minute ago. **I think that it's the day-to-day openness that is the key to innovation.** Not about organizational structure, per se. Okay, if you don't have the organization in place not to execute anything, maybe that's a problem. But we've always had that. I have always been very organized in the structure part. But it's the other part that I think is the right one.

- I think where I deserve the credit was that **I had created an environment where Ellen, who does nothing but punch numbers all day, felt that she would be heard, respected, or not laughed about, and sending me a note about what she thought was good.**

Understanding the Need for Communication

In the next statement, Mary strikingly describes her recognition of potential communication problems in opening a second office.

- When I had one office, I had a great team. When I owned my second office, one in a different part of town, the same town, not a mile a part, I figured no big deal, no problem in coordinating work between the two offices, right. Communication proved to be more difficult than I anticipated. **I really had to acknowledge the fact that we were not one company anymore.**

Understanding the Need for Team Work

In Mary's thinking, small task teams get the job done.

- **That's my style. I always form small teams.** Work task teams. **It gets the job done;** it happens versus spreading the task out.

Use Perception to Create Success

Mary is the only interviewee in all of the cases who discusses the importance of creating image and the need for a perception of success. She is blunt and open about her focus on this aspect of her business.

- **I know how to create an image** and I **firmly believe that if you create an image, you don't have to worry about the reality because the reality takes care of itself.**

- I just say, **let me convince the world that we are 'it.' And if I convince the world we are 'it,' somehow everything else is going to fall into place. And it always works that way, without exception.**

- I really feel so strong about what I do. I spend all my time focusing on image, not that I am, unfortunately, too much into detail, but I know what my priority is. **My priority is getting the baloney out there and then after that, I just have blind faith that somehow it all works out. It really does you know.**

More on this topic is discussed in the Self Perception category below.

Self Perception

Self Awareness

The following statement refers to a past event that Mary still feels bad about. She thinks that there are better solutions to dealing with dishonest employees, solutions that don't demean the individual.

- I think in hindsight, in my youthfulness, **I think it was cruel to that sales woman who I fired.** Well everybody makes mistakes, but if her mistake was one of dishonesty, it was a foolish mistake and there's a lot of mistakes, **I think to use her as a spectacle was probably far less than kind.** If I had thought long enough and if I hadn't been fired up emotionally over it, which I was like a yellow bronco, I think I could have thought of three other solutions. I think I could of thought of many solutions, **so I wouldn't take those actions now. I just wouldn't do it. It just seems too mean.**

- [In response to a question.] I'd have to really think that through. I think through really really well when I draw little pictures for myself, little circles with lines, little this and this. **I put everything on index cards. I reshuffle.** That's the way I reorganize my business always. So, I really just have to go through that exercise.

Understanding One's Own Role

Mary seems to see herself as top promoter of herself and her company and chief instigator to shake things up and get people to think about new ideas.

- **I really know how to market well, okay. I think my one gift and my only gift is that I know how to create an image.**
- **I see my job purely as starting fires; I don't want to tend fires, and not because of laziness, but because then I could start more fires.**

Seeing Oneself as a Leader

Mary believes she is a very good leader. She thinks that her people are loyal to her and will follow her under any circumstances as demonstrated in the next statement. In the second statement Mary describes that the reason for this loyalty is perhaps because she demonstrates so much caring for her employees.

- **I am a good leader ...** During the recession and business was so poor, because we were very near bankruptcy you know, I had huge overhead and I had just gone through a big expansion, but I'll tell you, my managers, who are not affluent people (you know that managers do not tend to be the rich kids. The rich kids are the hot shot sales people unfortunately) offered to work for free and meant it and I had them half work for free. [When they heard this.] My creditors ceased sending me bills. I mean it was amazing the good will that I didn't know I had.
- What I'm saying is, I think if the leadership is about loyalty then **I must be a great leader because people really would**

follow me anywhere. I am convinced of that. [Interviewer: "And of course, the question is why are they so willing to follow you?"] Oh, because I think, oh, I don't know. I guess you'd have to ask somebody other than me. **I think I really care about everybody. I mean, there are times when I don't care. I'm exhausted. You know. But, I think I genuinely put my heart and soul into my work and I think that they know I care about them. I think when you care about somebody, I guess the chances are they're gonna care back. Maybe it's as simple as that. It's like being a good mother. The kids are gonna love you. Uhm, yeah.**

Mary demonstrates in the next two statements strong confidence in her leadership and business acumen. In the third and fourth statements, Mary seems to indicate that she is a natural born leader, in many aspects, not just business. She also sees herself as a teacher and motivator; yet, on both of these, she expresses ambivalence.

- He [Jack Welsh, president and CEO of General Electric] stood up there and spoke for 45 minutes, came right into the crowd, and he is a VERY successful business man, and he gave such an ABC philosophy or theory on his feelings about how to build a successful business, **and I'm telling you he told me everything that I practiced. So I almost could have written his script. And for me it was such a high because, I figured either this guy is shitting me which is still a possibility, but he didn't seem it. He was very genuine.**

- He [Jack Welsh] made me feel tremendously confident about growing my business. In fact, **he refueled me because the only trepidation that holds me back sometimes is the fear that I am going to lose control. You know, I have a control thing, so losing control for me, going too fast, I feel I'm choking and I panic.** He gave me great confidence that I can have the same

fitness in my business as a giant company; the same as if I were small. He made me think I was doing everything right, you know?

- **I honestly don't know what my leadership style is. I'm very confident. I'm a very good leader and the reason I am confident is not because of the business.** I mean it's my business and I'm in charge, huh? **But I am confident I am a leader because in anything I get involved in I usually wind up leading it.** And to tell you the truth, I just don't want to. I really don't want something else on my back.

- **I know I teach well, and I am a great sales motivator, and I don't know if that falls in the leadership category but I think that honestly is where my effect on the company really is.** I think when I meet with my sales people which is only twice a year, at my big sales meeting, which I would eliminate because it's so much pressure for me, I'm almost physically sick for two weeks before the meeting. I feel this great expectation. All the sales people come together and my job solely (you know, I have managers, and other people doing other parts of the meeting), is to stand up there and get people OOOOOOOOHHHHH! friendly, you know and that's not so easy to do for me. So it's a lot of pressure and I hate it, I hate it. Yet every time I do it, everyone tells me how incredible I was.

In the brief statement below, Mary indicates perhaps ambivalence or a sudden insight and then follows it with a clear statement about her primary goal.

- I don't care about the power. Well, that's not true, I think I do care.

- I care about the power, not as it pertains to my organization, but I care about the power that I have to be the top in my industry. That's my goal; I'm not there yet. It's driving me

nuts. I work for it everyday of my life, okay? So that's caring about power, isn't it? **I wouldn't have labeled it power. I'd say, "I want to be the number 1 leader. Yeah, it's about achievement; I've hit it. I'm the top dog. I do it better than everybody else. I won the contest. I'm really competitive. But if somebody said, "What's your thing power? I was never associated with the word. Control? It's my middle name.**

Philosophy of Life

Mary's business acumen appears to be counter intuitive. For example, in the second statement, she expresses the idea that not focusing on money will result in making more money.

- I overpay anybody worthy of being over paid. **I'd rather over pay cause I know I'm going to get much more out of them.** You know. That money will come back three fold. I don't know if its really true. I can't really measure it. But I really believe it.

- I know quite a few businessmen at this juncture and they are very focused on the money aspects of things. **I never focus on the money. I don't give a damn about the money. And somehow I manage to make a lot of money. So that means I'm just lucky so far, uhm? But I feel like if I focus on the people and everything is right there, the money takes care of itself, and I really do find it to be that way.**

Creating Reality

Mary demonstrates the belief that you first create an image and by doing this, reality will follow, in other words, perception creates reality.

- **My salespeople started acting like they were experts, because they were rising to the occasion.** And then we got more sales, and we enlarged, and enlarged, and enlarged, and now we really do have the widest based market statistical report in the industry. And it's solid as a rock, based on pure fact. And they are not numbers that anybody could challenge. However, we are not getting any more publicity now than we were then, **simply because we acted like we were the experts then and everybody fell for it. And we act like it now, and we really are, and everybody is still falling for it.**

- You know, what I find absent, and I feel I'm very different from the other guy, is **I always focus on outside impressions first before anything else I do.** I read my plans in my mind against how the public or consumer, or my customer or whatever would react versus how my inside [the company) is gonna make it happen or even how much the inside would react. **I'm very focused on the outside. I think my whole emotion is towards image-making on the outside.** I don't find that among the men that I know running their businesses. I don't find them very savvy in the image making area. I don't think that's a male/female thing. I think some people just don't focus enough on that and I think that's the power part. **I think it's the least work and the biggest thing, because it's bull shit.**

MARKETING CASE: MENTAL MODEL OF LINDA

Linda is the Sales Director for 260 sales people located in six locations in the same urban area. She reports to the company's president and to Mary, the CEO. I met Linda in her new glass-walled office. It was pleasantly decorated with plants, pictures and small mementos. Her company had just moved into the new facility a few weeks prior to this interview and people were still getting their new offices organized. Linda is middle-aged, conservatively dressed, pleasant, and warm.

Nature of Organizations

Linda did not directly discuss an understanding of management planning or organizational systems and processes.

Nature of People in Organizations

Understanding Need for Achievement

In her interview, Linda views achievement from both the perspective of her independent salespeople and the firm. The salespeople need to achieve in order to get paid and the firm needs them to achieve for it to be successful.

- Our revenue goals for each salesperson at a desk is that they produce a certain amount gross to the firm. That's really their goal, and our goal is to have each desk produce at least that. But of course, we want to do much better than that, and you know **while that sounds like maybe it's not such a tough goal, it's a tough business and to get a salesperson, especially if they're new, producing quickly is a task,** I mean it doesn't always work. Out of six people you might hire maybe half are

great ones that you end up staying with, and maybe half fall by the wayside, but that's why you hire new people because they bring in freshness to the business that some of the older more experienced salespersons lose.

Linda perceives the independent sales force as being "different sort of folks." She finds them temperamental, which she believes is due to the stressful nature of their business as demonstrated in the two statements below.

- **They can be quite temperamental about certain things.** I like all of these people here and I enjoy working with them, but **they can get out of hand because of the stresses they're under,** and the things that fall through, to have a deal one day, and not have it the next. It's stressful.

- But it's hard; **this is a tough business** and it's commission sales; you have to find the people who can afford to sit at a desk for 6 months without bringing in a pay check who want to work hard, but those are money goals.

Linda seems to understand the pressures and stresses that the sales force is subject to and how creating a pleasant setting in the office can help them be more comfortable.

- They are independent contractors; I wouldn't say they were loners; I would say they are entrepreneurial, because most of my people love coming into the office. The work you do is actually alone, because if you're working with a customer, you're with that customer, but your on your own. **But coming into the office atmosphere for most of my people is part of what they like about it. They are with others like themselves who are in a very stressful business; you don't make a sale you don't get a paycheck; it has a big impact.** Yet,

they like to come into the office and one of things that I think we try to do here is create an environment that is a pleasing one for them because it's stressful out there in the field and for them to like where they spend their time when they're not with customers, and so forth. I think it's an important part of distinction between companies. **They've named their rows. They've become good friends here.**

View of Mary

Linda sees the CEO, Mary as someone who is terrific to work for. Linda portrays Mary as fair, honest, trustworthy, and one who treats her employees very well. She describes Mary's management style as positive with no intimidation. According to Linda, Mary trusts her employees and doesn't interfere with them if everything is going well, as indicated in the two statements below.

- [In response to the question, "What is Mary's impact on the operations of the business? For example, some CEO's have to have their hands in everything and the result of that is they sometimes stifle people and sometimes cause people to feel like they're not trusted or not competent."] Well, let me tell you that here it is the opposite of that. It is totally the opposite of that. **Mary is a wonderful manager. She is a person who treats her people so well, both managers and sales people, that she creates a loyalty that doesn't exist in a lot of places.** When she was more involved in a hands-on way, when I first started in management, I would go do a job and I'd come back and I'd go home and I'd have a bouquet of flowers saying thank you for doing a wonderful job. And after you go through that for a couple of years of somebody really patting you on the back putting their trust in you, **you start saying this is such a positive management style; it's not an intimidation management style.** She doesn't hire you unless she trusts you, and if she trusts you, then she is assuming that you are

going to be doing what you're supposed to be doing and, if she wants to question you on something, she'll come. She doesn't have to be right all the time; she's willing to let you be right if she thinks you are, and to tell you if she thinks you're wrong.

- I was also a manager at another office for some time; I started out in this office as a salesperson and then I went into management. Then she moved me to another office. And it's very different because it's an office that she's not in, nor does she come to, and she told me when I started over there, and it was my first office management job, and I hadn't been a sales director; I had been an assistant here, but when I moved over there as a manager, she said the best complement she could pay me was to never hear from her. **She paid me a compliment because I didn't hear from her very often**, and occasionally I started to say I hope I'm doing okay, because I don't hear from her and I started to miss her a little bit. You know, she makes us feel like we own it. **She doesn't treat us as one of her employees, she makes me feel very proud to be doing what we're doing and who we're doing it for. So it's a great environment; it's terrific.**

Nature of Planned Organizational Change

Perception of Change

Linda perceives transformational changes having taken place over the years in the company. She mentions the firm's rapid growth, its doubling of the office space, and the computerizing of the business as examples, as described below.

- **You couldn't be talking to a better company for examining transformational change.** I started in this company in 1989 and I believe since that year the size of this company has probably doubled. **That's a lot of growth in eight years.** I

started out as s salesperson and we were across the street. **Not only has the size of the company doubled, but the size of this office has doubled.** We moved across the street and have gone from 8000 square feet to 16,000 sq. ft. **Mary is on the leading edge of everything that is going on in this business. People love her for it; people hate her for it.** Competitors hate her; the people who are in the company love her for it. **We have gone from using computers for inventory to putting top of the line computers, both hardware and software, in our offices for our salespeople. We have gone from DOS based and windows based. We are now designing our own programs and we are the first ones to have e-mail. We're the first ones to have Internet access at each salesperson's desk.** The Internet has brought us into a whole new way of doing business. But the mere fact that that market changes from one year to the next brings you into another transformation. So there's been lots of transformation in the eight years that I've been here. She started 25 years ago, and just imagine the transformation that went on during the first 18 years or so. But it's been very, very exciting. Some of it's difficult for these salespeople. The ones that have been here for a long time are having a difficult time with this new computer thing. **You know it's different for them to check e-mail, to learn Widows, to learn the word processing or 97.** They were very comfortable doing what they were doing. We just moved this office from across the street and they sat in those desks for 10 years; this was a transformation. For them to pack up their things, as much as they wanted to move, it was a difficult move for them. To seat them in a new seat, to get used to new surroundings, **it's been total transformations in this company.**

Linda also perceives that the business itself has dramatically changed over the years, mainly due to the changing market. In response to these changes, according to Linda, Mary has initiated

certain leading edge programs that have made her competitors envious. Linda says:

- **The job itself has changed.** In the time that Mary's been in this business, she's seen demand for products fluctuate markedly. And that's in a span of 23 years and it's gone up and down in that 23 years. **We were enjoying the height of the market in 1987 and Mary moved into a new office and at that point the phones stopped ringing. So we went through a period for like 4 years where you really could not sell. So now we're back to where now you can't keep up with demand.**

- So these are the conditions of the market that change, and that has changed the way salespeople have done business. **Mary, I'm happy to say, has been the leader in much of this. She's a leader in this business and it's one of the reasons that other firms don't like her because she was instrumental in getting customers to say, 'Hey, this is a pretty good idea; you're right; it is the best way to get the best price.' But it is, we have a philosophy that that is true and we live by that.**

Understanding Innovation

As her statements demonstrate, Linda perceives her company as being innovative. She describes innovation in terms of utilizing new technologies such as computers and the Internet. Linda believes that her company forces competitors to try and catch up to them.

- We've made other people say, 'Oh my God, they're on the rise.' **You know she made them play catch up** and people don't like to do that, not when you've been in the number one position, you don't like to do that. We're not the largest; we're the second largest but we think we're the best.

- **She does very different kinds of ads.** When you see other advertising, they're very stodgy. Mary has a sense of humor

and she uses it. **Our web site is the best and we're going, that's another transformation; we're going full force with the web site we have probably the best web site in our industry** and were bringing it in-house; were not even going to have a provider anymore so that we can make changes immediately. We can change inventory in a second and it's exposed to the world; can't beat that.

Understanding Management and Leadership

In the statement below, Linda demonstrates an understanding of how the leader of an organization influences organizational behavior. Linda perceives Mary as a leader who is good to her employees and who rewards them for their efforts. Throughout this interview, Linda indicates that she believes Mary is the one who is the leader, while she manages people as discussed in the Self Perception category.

- [In response to the question, 'And if you were really wrong, does she comes back and say it?] She'll say, 'I told you it wasn't going to work.' **But really, she doesn't try to make you feel badly. That's not what Mary's about;** she really isn't and you know any company's behavior starts from the top and with Mary it starts from the top and I think it filters all the way down into clerical. She sends her clerical staff two days a year on a day of fun, on her. She has given them her house for a weekend. We have so much clerical now we go to a resort now; she sends them masseurs and masseuses and **she just knows how to, without having to pay somebody a million dollars, make them want to work for you. I think people who work here take pride in this company because of Mary.**

Understanding the Need for Communication

Linda stresses the theme of the importance of listening to the sales force. In the statement below, she describes a formal process the company has for the purpose of listening to employees.

- We have at the company something called the **Advisory Council, and it's comprised of all the managers of the offices and two elected representatives of each office. We meet once a month and we discuss issues.** And if we have something that we want to change, as a matter of fact, we took that commission change to the Advisory Council and said this is what were going to do and we're letting you know that, to sort of get a feel. I don't think you can ever get a total feel, because when you're talking about two people out of this office to get a feel, it's not totally accurate, but at least we had put it there and that was the forum to do it. **That's the way big changes are made; when we change advertising policies that's also a hot topic; advertising budgets, whatever, that's also something that we'll put out to the salespeople first. I believe that the salespeople feel that they have a say.** It doesn't mean they're going to get their way but they can voice it. They can walk into this office and say that they do not like the way we're doing such and such, and I'll let them tell me why.

Understanding Reward and Recognition

Throughout her interview, Linda frequently mentions more subtle ways Mary reinforces positive behavior. In the first statement below, Linda relates a formal process for rewarding clerical support. The second statement demonstrates Linda's reaction to Mary's informal recognition of desired behavior.

- [In response to the question, "It's not just money is it?"]. **No it isn't for me and I think there are many people like me too.** It isn't always just money. Sometimes it is, and you can't reach those people with this style if it's just money unless they're

just such superstars, and they're making so much money that it doesn't matter. **But, you know, a pat on the back is worth a lot.**

- **When somebody is really patting you on the back putting their trust in you, you really appreciate it.**

Understanding the Need for Team Work

In describing her working relationship with Mary, it seems unclear if Linda regards it in terms of teamwork. However, Linda seems to perceive that their relationship is the basis of their ability to function well together.

- [In response to the question, "What do you see as your working relationship with Mary, how would you describe that?"] I'd describe it as comfortable, as an honest one. **I think she trusts me and I trust her and I think she probably doesn't like my cluttered office.** I have too many plants, too many chachkas. Well, it's my office Mary; get out of here. **I thinks our relationship is built on trust and she knows how loyal I am.** She trusts me and I feel that I can go to her and say, 'Mary I know you want me to do this but I have to tell you I feel like it's the wrong thing to do.' 'Linda, I hear you, but you know what I think, it's the right thing to do.' She'll treat me that way, 'I'm going to ask you to do it and see what happens; if it doesn't work I'll back off.'

Understanding Organizational Culture

Linda seems to recognize the needs and motivations of the sales force. Even when she's critical, she is able to place their behavior into the context of their organizational culture as described in the next two statements.

- I don't know if you noticed that refrigerator out there. they started coming in here saying, 'can we get Perrier without the lemon lime?' And I said, 'Let me tell you something, you know what, let me tell you something, you get what is in there and if you don't like it go buy your own.' We have a little lunch room and a refrigerator but it doesn't have an automatic ice maker; do you know that one of their biggest concerns is an ice maker? Let me tell you something it's not equipped to have an ice maker; if it were I'd put one in. 'If you want to go out and buy some ice trays, that's great, we'll get some more ice trays and you can just have somebody ..., 'I said, No, no, no, you do it.' **They are commission salespeople, a whole different breed.** So you know that's why you have to keep a sense of humor, because their demands are unrealistic they really are. **It is true; you give them an inch and they take a mile; give them a mile, they'll take two. Wouldn't you think, they don't pay a dime for these sodas, 'Can we get something else?' they ask.** One of the things was we had to have pretty bottles in there; we don't put cans in there; we put the ice teas in there because they're pretty; we got bottles of coke and diet and Perrier because there prettier than some of the others. But they aren't satisfied.

- [In response to the question, "What happens when things go wrong; is there anything that's gone wrong that has shook people up, shook the office up, and how did people react to that?"]. We changed the commission structure so that if somebody was moving to a higher level because the more they make the more they take home, and the less we take home. So of course they take a certain percentage and we're taking a certain percentage, plus all the expenses that we've got here, but, none the less, it works out okay, and that's the way our business is done. So there was a time three years ago, just when I'd come back to this office, that we had to announce that the commissions were changing and that they had to make more money gross commissions to take home

that same amount. **They do not like to have things taken away from them; they love for you to give them things but don't take it away.**

Self Perception

Self Awareness

Linda perceives herself as a "people person." She believes that she is seen as warm and friendly, outwardly demonstrating her feelings for others. She also believes that Mary promoted her into management because of their similarity in styles.

- I think in some ways we relate to people in the same way, Mary and I. Maybe people skills is not the right word, but **Mary and I are the kind of people that will put our arms around somebody and hug them.** There might be other managers who are much less familiar with people; **I have a sense of humor that I use in my dealings with people, and sometimes you have to back off from that, because they don't have a sense of humor and they don't like people who do, so you just sort of have to tailor sometimes the way you react to people.** Basically I think we have the same **kind of 'coochy coo' style** where you don't find that in everybody and that's not right for everybody, but it comes natural to me and I think it comes natural to her. She's probably much better at it than I am but none the less we have similarities in that. I think when she brought me to this office, part of what she wanted was that.

- [In response to the question, "Do you try to in some ways to emulate her style or is that natural for you?"] I do, it's natural for me. In many ways I have some similarities to Mary. I'm not as bright as she is and I couldn't have done what she did, but I have some of the people skills that Mary has.

Understanding Own Role

Once again, Linda portrays herself in the role of care-giver to the over-stressed sales force.

- **I see them through; hold their hand, slap them if I have to, you know, sit them down and say, 'You know you're behaving badly.'** I think to be in this position is challenging, just how to deal with people. It's a big part of it; they know more than I do about the business now since I don't do that anymore. But, I think just dealing with them on an individual basis and going through their stresses with them, helping them through a deal, being an advisor you know. **I'm the psychiatrist; I can see with no emotion.** I'm not tied to money as they are. I mean I'm tied to their money, but not as much, as they are. **So I can help them through things by seeing it clearer because I don't have the emotional tie to it. I find it very interesting because there is a different situation every minute.**

Seeing Oneself as Leader

Linda seems not to perceive herself as a leader, but rather a sensitive manager who tries to help her workforce deal with a tough job. She sees Mary as the one who is the leader in the company.

- The challenges are many, I think, and **keeping the salespeople happy without giving away the store is a major one.** They're very demanding; commission sales people are a whole different breed of people to manage. If you're paying somebody a salary of whatever per year, you have certain things you can ask of them. We don't pay them a salary; they pay us out of every deal that they make. **So there's a fine line between what you can demand or ask of them and what you can't. I think one of the hardest things is getting everybody up and producing and I think that's a challenge.** I hire a lot of new people in hopes of training them, **not that I'm solely**

responsible for training but I'm their direct report here. We have training classes that we run and they do attend those during their training period, but **I think part of my challenge is dealing with their stress. And not having it get to me.**

MARKETING CASE: MENTAL MODEL COMPARISON

The president, Mary and the sales director, Linda, see themselves as playing very different roles in the organization. The president is the leader, motivator, innovator, image-maker, risk taker, and reward-giver. The sales director is primarily the care-giver and mental health worker for the stressed out sales force, as well as the cheer leader as she is responsible for ensuring that the sales force is financially successful. Mary sees the growth of the company as transformational as Linda echoed.

The Nature of Organizations

Neither Mary nor Linda discuss management planning nor organizational systems and processes theoretically. However, Mary does express her pragmatic approach to accomplishing planning and organizational tasks and their delegation.

The Nature of People in Organizations

Mary demonstrates her understanding of employees need for recognition and rewards. She does this through informal "pats on the back" as well as formal awards of trips and outings. Linda does not see these activities as part of her role. Instead she is the care-giver who tends to the overly stressed salespeople.

Mary believes that the sales people need to help each other. She has developed mechanisms to encourage and support their

personal and work interaction. Mary understands that people want to make contributions to the success of the company and she recognizes the different ways that they can do this. On the other hand, Linda believes that she understands the needs, motives, and problems of the sales force and uses this understanding to help them deal with the stresses involved with their work, so that they can be productive.

The Nature of Planned Organizational Change

Mary demonstrates her understanding of concepts and actions that bring organizations through transformational change. She works at creating a work environment that supports change. This environment is supportive of new ideas, is one where trust and honesty are rewarded, and where interpersonal communications and information sharing are strongly encouraged. With this kind of work environment established problems such as resistance and opportunities created by innovative ideas are better dealt with.

Linda does not discuss concepts of change or actions related to it. Instead, she focuses on the needs of the sales force and ways in which she can help them succeed. Linda perceives her company as being innovative and at the leading edge in its industry. She encourages communication which plays an important role in the company.

Self Perception

While Mary perceives herself as "a very good leader," Linda does not see herself as a leader. Instead, Linda sees herself as a

manager as well as support-giver and "psychiatrist" to the sales force.

Mary believes she is sensitive to the feelings of others, although she also perceives herself as being tough and demanding. Linda feels that her style is similar to Mary's and she sees herself and Mary as "huggers." She describes her role in a loving parental, although objective, way, rather than as a manager.

Mary believes that image is everything in business and that her image is one that she has created and is vitally important to her. She extends this to her business as well. She feels that other business people don't pay enough attention to it. Mary says that first she needed to create the perception of success outside the company, and then real success followed.

CHAPTER SEVEN: ANALYSIS AND INTERPRETATION

Introduction

As stated in the first chapter, this dissertation explores transformational change in organizations from the perspective of the mental models of leaders of organizations and their middle level managers. Further, this dissertation explores how the mental models of these people affect their perception of the transformational changes in terms of the problems they were designed to address. The concept of mental models is studied as a possible tool for examining and analyzing leaders effectiveness in their efforts to lead organizational transformation and to pinpoint areas on which leaders need to focus their attention, in order to improve their change efforts. The research context is that of organizations undergoing or having undergone planned transformational change.

Recapitulation

In order to accomplish the above task, this paper describes in Chapter Two, a number of theories of organizational change from the perspectives of prominent change theorists. This is done to provide an understanding of what planned transformational change is within the context of the larger field of study of all types of change within organizations. The study of transformational change helps us examine what the mechanisms of change are, including what initiates change, what actually changes, and what different kinds of change there are. From this examination we learn that although there are numerous theories of planned organizational change the

methodologies for implementing change have a great deal in common. This eclectic approach to studying organizational change enables us to match theories to specific change situations. Another approach, which I chose not to pursue, would be to attempt to explain organizational change from the perspective of one specific model. The value of the approach I did choose, that is the eclectic one, is from the perspective of the consultant who will be able to help a client understand organizational change that best fits their situation.

I stated that the reason for studying change theories in the first place was to learn why and how change phenomena take place and thereby, better determine appropriate actions. Without a theoretical basis, our actions may well be ineffective and even dangerous to achieving our goals in organizational change.

All of the theorists studied describe what actually changes during organizational change in very similar ways, even if their words are different. According to these theorists, transformational change occurs when an organization's basic elements of structure, systems, culture, and patterns of behavior change. This is differentiated from change that is not transformational and does not affect the basic elements or "deep structure" (Tushman & Romanelli, 1985) of the organization and can be thought of as a continuation of a theme that only produces variations. Planned transformational change is partly a matter of perception and partly empirical, according to Kanter et al (Kanter, Stein & Jick, 1992). In other words, if members perceive that the changes in their organization are transformational in nature, then to them, they, in fact, are. Others

view change as transformational only if it can be demonstrated empirically (Ven, 1986). Some researchers view transformational change from a systems theory approach (Lichtenstein, 1995; Ven, 1986), or as a sporadic or punctuated series of short, rapid periods of change and long periods of stasis or stability (Romanelli & Tushman, 1994; Tushman & Romanelli, 1985).

The mechanisms or triggers for transformational change to occur are variously seen by different theorists as: environmental forces, organic or life-cycle forces, and/or political forces (Kanter et al., 1992); constructive motor or purposefully selected goals (Van de Ven, 1988); the force of logic and reason, the use of cultural norms and education, and/or political and legal power (Benne & Chin, 1976a); severe crisis, environmental change, and/or new leadership (Romanelli & Tushman, 1994); a change in dynamic stability such as when order parameters are overwhelmed by crisis (Lichtenstein, 1995); new or disconforming data that challenge existing beliefs and attitudes (i.e. a crisis) (Lewin, 1947); and forces primarily originating outside of the organization (Beckhard & Pritchard, 1992). Perhaps the greatest contribution these theories provide us is the opportunity to analyze closely and reflect on the change situation rather than react quickly and unwisely.

This paper next describes theories of leadership in Chapter Three. This is undertaken because the leader has the greatest power and influence to initiate and support transformational change. In the study of leadership there are many theories that attempt to explain the impact that leaders have on their organizations, why certain leaders are effective while others are not, and how and why

leadership takes place. Theories of leadership of organizations take a wide variety of approaches to explain their impact. We learn that certain styles of leadership seem more appropriate than others for organizations undergoing transformational change.

We described several problems that need to be kept in mind as we study leadership. First, is the problem of defining leadership (Stogdill, 1974). We find a large number definitions from a wide variety of disciplines and researchers. Second, is the consideration of whether leadership is a result of role specialization or social influence. Do leaders attain their position because of special qualities they possess or because of processes that naturally occur in social systems? Third, concerns the extent of leaders' influence on organizational members. Fourth, is the problem of differentiating between leadership and management. Finally, there is the problem of determining what is meant by leadership effectiveness. We hold leaders responsible for the "success" of their organizations. But the problem exists as to how we measure organizational success. Is "success" the Wall Street definition of return on shareholder investment and if so, how much return is "successful" and over what time period should it be measured? Perhaps "success" should be measured by an organization's long term growth, or the extent to which employees gain job satisfaction? These measures do not necessarily mean the same thing nor are the results the same. In any event, this study does not undertake to examine the issue of success in any form. Perhaps, as in our discussion of transformational change theories, the benefit is in the examination and not the arrival at a specific answer. Here too, an eclectic approach to understanding

leadership provides the consultant with various ways of describing the leader's role to clients depending upon their specific situation. Perhaps by making explicit our thoughts, ideas, and expectations of leadership, we gain an understanding which is both appropriate and useful for our specific situation.

This dissertation also describes the concept of mental models in Chapter Four. We learn that mental models consist of our assumptions, generalizations, and beliefs that we hold about the world around us (Senge, 1990a). Our actions and behaviors are determined by the way we perceive our world. Mental models have such a great impact upon us for two main reasons: (1) mental models cause us to perceive selectively; that is, we look for details that fit our mental models instead of viewing phenomena in an unbiased manner, and (2) we are often unaware of our mental models (Argyris, 1996). Because of being unaware, we fail to examine closely why we think the way we do or about our subsequent actions. In this way, mental models can prevent us from learning by protecting ourselves from disconforming data. Mental models impact and influence organizations through the individual mental models of their members. On the other hand, examination of mental models can make us more flexible and give us the ability to interact more effectively to our world.

The goal of this chapter is to analyze what common elements can be discovered from examining the cases in the three areas: transformational change theory, leadership, and leaders' mental models. This chapter also helps us verify the usefulness of examining mental models of leaders as a tool for consultants.

Transformational Change

Identifying Transformational Change

Planned transformational change, by definition, is what Van de Ven and Poole call "constructive" or, "teleological" change since transformational change is both planned and purposefully enacted by the organization (Van de Ven, 1988). All four cases described in this dissertation can be viewed as examples of transformational change in organizations. This can be said because, in each case, members perceive change has occurred and that it can be demonstrated that this change has taken place in the most basic elements of the organization. Specifically, in each case, the way work is accomplished has, and in all but one case, is continuing to change; organizational members perceive that "things" are different, usually referring to attitudes and norms.

In the Corporate Headquarters case, the way work gets accomplished has changed. Where previous management either could not easily make decisions or continually rehashed them, decisions are now being made. Management focuses more on the future than dwelling on past mistakes or present problems. People at all levels now perceive that they are achieving important goals; they have a vision of what the company can become, and the company has returned to profitability in a significant way.

Additionally, Jane says they are more highly motivated than before the new president entered the scene. The norms seem changed too. Management is less formal; now everyday is "casual Friday." People indicate that they feel more "comfortable" in going about their jobs; taking risks with out fear, and knowing that their accomplishments will be recognized.

We determined that transformational change has taken place in the Utility Company case since norms, behavior, culture, and systems appear different in the new company as compared to the parent company. In describing start-up businesses Kanter et al. place these new efforts in their micro-evolutionary change category (Kanter et al., 1992). Start-ups have their own whole range of challenges and issues to deal with including attracting skilled employees, securing funding, and dealing with government regulations. According to Kanter et al. this causes them to change regardless of their strategic intent. Although many of the same people, such as both Ralph and Sam, who are currently in the new company came from the parent company, the way business gets accomplished has significantly altered. Particularly their perspective on how to attract and hold customers has radically changed. This has been caused partly by external forces brought about by federal deregulation of the industry. Unlike this industry in the past when monopolies were permitted, deregulation fosters competition and the need to attract customers. This results in a very different approach and requires the new company to provide quality service focused on customer demands. In addition, utilities have not been known for having the ability to be flexible and adaptable. whereas, the new

company has demonstrated this ability by quickly modifying strategic plans as marketing studies determine possible niches to exploit. Chin's and Benne's normative-reeducative strategy helps to explain some of the issues facing management in the Utility case (Benne & Chin, 1976a). According to Chin and Benne, change involves two elements: improved technology and the client systems' climate and norms. It appears that the President, Rob focuses primarily on empirical-rational strategies and technology, while neglecting organizational member's attitudes, beliefs, and values. To paraphrase French, leaders must pay attention to both technology and people issues to change organizations (French, Bell & Zawacki, 1994).

The Marketing Company has grown rapidly in recent years; in fact, it has doubled its size in the past four years. Rapid growth is referred to by Kanter et al., as examples of micro-evolutionary change (Kanter et al., 1992). Yet, the Marketing Company, to date, has not fallen victim to some of the most dangerous aspects Kanter et al. associate with rapid growth, specifically, a climate of infallibility. This refers to the organization's feeling that it can do no wrong. Perhaps avoidance of this danger is due to their President, Mary. Mary's leadership is discussed later under "Leadership in Organizational Change."

Linda describes her company as a great example of transformational change because of the rapid growth and the resulting changes that have occurred. Mary, too, perceives many changes as transformational. In this case too, as the others, the way people do their jobs has experienced significant change. For

example, the need to handle more data and information quickly has contributed to the need to utilize computers and the Internet. Linda mentions that many of the long time sales people have had great difficulty in adjusting to the new technological culture. In addition, changes in commission rules have reduced the sales people's share of the profits. They are forced to sell more to maintain their income level. The rapid growth has also contributed to a strain on communications and coordination of activities. The Marketing Company has rapidly grown to six offices and over two hundred and fifty sales people. Mary has mentioned her current realization of the problems inherent in this situation.

Perhaps the Marketing case is an example of, what Kanter et al. see as an accumulation of many small changes over time that suddenly become perceived as transformational in their entirety.

Transformational change is perceived as having taken place in the Manufacturing Company case. Mike and Larry repeatedly mention how different the climate has become since Ed came on board. For example, significant improvement is reported by Mike and Larry in regard to relations between management and labor, by citing much less antagonism and conflict. Communications between management and labor have greatly changed; where virtually no communication existed before, management and labor are now talking daily about problems and issues as members of the same team. There are better procedures for generating and sharing information and achieving production and quality. Larry stressed mutual respect where previously none had existed.

The Manufacturing case can be considered an example of Chin's and Benne's normative-reeducative approach to organizational change (Benne & Chin, 1976b). Ed focused on paying attention to the norms and climate and worked to change it. At the same time, Ed realized that many of the members of the management group did not have the skill or knowledge to manage the operations and Ed needed to teach it to them in a hands-on manner.

Mechanisms of Transformational Change

This paper now turns to a discussion of what causes planned transformational change and how the process take place. Lewin, in his ground-breaking work on change, described the first stage of change as requiring an "unfreezing" of the organization. "Unfreezing" is necessary to begin the process of change. When organizational members perceive a need for change, when they become dissatisfied with their current situation, the unfreezing process can begin (Lewin, 1947; Schein, 1992). The "unfreezing" stage continues with organizational members realizing that the future goal is worth going after. "Unfreezing" is completed when members feel psychologically safe to make the changes (Schein, 1992). Both Kanter et al., Van de Ven and Poole, and Chin and Benne similarly describe this "unfreezing" stage. Kanter refers to triggers of planned change as being political, environmental, and life-cycle. Van de Ven and Poole call these forces "motors", which include teleological and dialectic motors of planned change. Lichtenstein's systems theory of transformational change refers to a crisis involving an energy overload that overwhelms inhibiting mechanisms (Lichtenstein,

1995). Romenelli's and Tushman's "Punctuated Equilibrium" theory also includes preventative mechanisms that must first be overridden for transformational change to take place.

In the Manufacturing and Corporate Headquarters cases, the perceived need was one of organizational survival. When the leaders of these organizations took over leadership positions, they, along with the assistance of the then existing management, determined what issues and problems needed to be addressed (i.e. what changes needed to be made) in order immediately to bring the companies back to profitability. They also developed longer term plans to make changes for continued growth and profitability. One theory that seems to explain this case is, as mentioned before, Van de Ven's and Poole's teleological forces that are "constructive" or planned. But also, this case can be explained through the inhibiting forces that normally block change as previously described. With the situation so bleak and the survival of the company in the balance, existing inhibiting forces were no match for the forces of change.

The Marketing case is an example of a company whose leader, Mary, is driven to make her company the best in her industry. She attempts to accomplish this by staying ahead of her competition through creating innovative ways of promoting herself and her company. Mary also needs to deal with internal issues pertaining to rapid growth such as coordination of policies and communication among offices. As mentioned at the beginning of this section, this case is an example of teleological forces initiating change. According to Kanter et al., Mary's company is experiencing macroevolutionary changes which are brought about by environmental forces that

impact her industry. These forces are primarily, in the Marketing case, market conditions and her ability to meet customer demand and overwhelm her competition.

Besides being an example of teleological change, the Utility case, can be viewed as a start-up venture attempting to exploit an opportunity. Kanter et al. might view the Utility case as an example of macroevolutionary change, i.e. industry deregulation. Specifically, the Utility case can be seen as an example of natural selection where an enterprise attempts to succeed by taking actions that are proactive and innovative in dealing with environmental pressures and constraints (Kanter et al., 1992).

Maintaining Transformational Change

The issue of maintaining planned transformational change receives little attention from organizational change theories. After transformational change has been initiated or the company becomes "unfrozen," the work is far from over for organizations. Upon examination, it becomes clear why some of the theories described in this paper do not deal with the maintenance and continuation of transformational change. For example, in Van de Ven's and Poole's life-cycle theory, change is immanent, that is, it emerges in a prescribed or predetermined manner (Van de Ven, 1988). Likewise, evolutionary change is a result of a long process of natural selection where small changes cumulate. Companies experiencing these situations don't lend themselves to management and leadership attention to ongoing change. Instead, the changes will happen regardless of management efforts. Van de Ven's and Poole's

remaining theories, dialectic and teleological, do not provide ideas on maintaining change either.

Kanter et al., in their change theories stress the emergent dimension of change, change that is outside of organization's plans for change. Kanter et al. refer to three clusters of forces that create change: relationships between organizations and the environment, organic growth as in life-cycles, and politics and power struggles. Kanter et al. state that these forces operate outside of organizational goals (Kanter et al., 1992).

Chin and Benne stress more a strategy of planned transformational change than a theory. As a result their work applies to a greater extent to the issues of maintaining change in organizations. For example, Chin's and Benne's empirical-rational strategies can be used to develop approaches to maintaining change in organizations. By using logic and rational appeals to employees' own best interests, commitment to planned transformational change may be obtained. This is clearly Rob's approach in the Utility case. For example, Rob uses logic and reasoning to gain acceptance for his strategic plans. He seems to expect people to accept his ideas since he believes they are logical and rational.

Of particular significance is the idea that individuals in organizations are strongly influenced by cultural norms. Cultural norms are internalized and thereby have a powerful influence upon individual behavior (Benne & Chin, 1976a). Ed's approach in the Manufacturing case can be used as an example of Chin's and Benne's strategies for maintaining planned transformational change.

The Corporate Headquarters case is another example of these normative-reeducative strategies. As will be discussed below under "Leadership," John created an environment where the norms support employees' creativity and taking action without fear of punishment, where the cultural norms emphasize rewarding achievement not punishing failure.

None of the other theories deals with the problems and issues associated with maintaining planned transformational change. However, Beckhard's and Pritchard's work presents a well developed model/theory on how to implement this type of change effort (Beckhard & Pritchard, 1992). However, Beckhard and Pritchard view change primarily originating outside of the organizations. In implementing change, their primary emphasis is on stressing the importance of the leader's role in maintaining change strategy.

Leadership in Transformational Change

This section analyzes leadership style of the leaders in the four cases described in this paper from the perspective of appropriate leadership theories and identifies common elements of leaders' actions and behaviors in planned transformational change. As we examine leadership style, we find that a number of theories can be used to describe actions leaders take. This is so because many of these theories are not unique and often there is significant overlap of concepts. However, some are mutually exclusive. In addition, we are analyzing leaders from the perspective of interviews and other data that examine them in a specific situation and at a specific moment. In other words, this study is viewing leaders at a point in

time and is not in any way longitudinal in scope. These interviews, therefore, provide an understanding of their actions in that situation and cannot be generalized to other situations that they may have or might someday encounter that are different from the one's studied. Therefore, this study examines how leaders really act in their leadership role and matches leadership theory to what leaders' say and do. Leadership styles are analyzed in this paper from my perception of which theories appear to provide the most appropriate description of their espoused theories of leadership and their leadership actions as perceived by their managers. It is not relevant to this study to speculate on the leaders' motivations.

Situational or Contingency Theories

Situational or Contingency theories are one category of leadership theories. According to this theory, leaders need to determine consciously what their leadership style should be given the needs of a specific work environment. Therefore, leaders' actions would be viewed in the context of the specific situation he/she faces and would be judged by his/her actions as being appropriate or inappropriate for that situation (Fiedler, 1964). In this category, the Path-Goal theory would look for actions that leaders takes that satisfy subordinates and/or helps them achieve their tasks (House, 1971). From Jane's description of John, which include being supportive of subordinate needs, directive in making clear expectations, participative in eliciting subordinate ideas, and achievement oriented in setting challenging goals, his actions appear to be included in Path-Goal theory (Mitchell, 1974). In Ed's case, he

is personally delivering to his managers, in the manufacturing plant, a quick course in management practices. Ed's actions are appropriate for his specific situation. It is probably unlikely that a senior executive would, under other conditions, provide this type of hands-on tutoring. Mary handles each situation that arises by using her gut reaction as to what her actions will be. From her own accounts, sometimes these actions are later regretted. Rob doesn't seem to consider the specific situation that he is currently encountering in determining what his actions should be.

Yukl's Multiple Linkage model falls into this same category of Situation or Contingency theories (Yukl, 1971; Yukl, 1994). It focuses on the interaction of management behavior and the situation, to determine the leader's effectiveness. Therefore, we must understand the leader's situation in order to see the appropriateness of his/her actions. In the Corporate Headquarters case and the Manufacturing case John's and Ed's actions may be seen as appropriate or effective for the "turn around" situation that each is. Linda believes that Mary provides the right kind of leadership for her company which Linda believes requires motivation, inspiration, and innovative. On the other hand, both Ralph and Sam strongly criticize Rob's leadership actions, or more accurately, his lack of taking needed actions.

Leader Behavior Theories

Another category of leadership theories examines leaders' observable behaviors and not any underlying skills or traits. Unlike situational and contingency theories, Leader Behavior theories

posit that there are certain universal behaviors that are appropriate regardless of the situation. These behaviors fall into categories of: decision making, influencing, exchanging information, and building relationships (Yukl, 1994). John's leadership style fits here as well. John demonstrates being decisive in taking actions, influences through logic and rational thinking, participatory leadership, and positive reinforcement of desired behaviors. John encourages a free flow of information and builds and maintains relationships through honesty and consideration for others. Ed too, fits this leadership style exhibiting the described leadership behaviors. Mary is decisive in when to take actions and what actions to take; however, instead of using logic and rational thinking, she depends upon manipulating others to gain commitment. Also, she devotes considerable time to developing and maintaining relationships both within and outside of her company. Rob makes decisions in isolation from his management group and does not share the thought processes that he uses to arrive at his decisions. He does not focus on developing relationships either with his management group or other personnel.

Perhaps John, or any of the other leaders in this paper, would be able to lead organizations in other situations. It is unclear if these leaders would be able to change their leadership style to meet different organizational situations or if their leadership actions demonstrated in their current situation would be appropriate. John's business for years has been turning around failing companies. Perhaps he chooses this situation because he sees himself most effective in dealing with turn arounds, or perhaps, he and the other

leaders choose their situations consciously or unconsciously because it provides them with other personal or financial rewards.

Power and Influence

Power and Influence is another category of leadership theories. It deals with the exercise of power over subordinates, not about empowering subordinates to be leaders themselves. The power-influence approach focuses on direct influence of leaders or managers in one-on-one situations and not indirectly as in affecting organizational culture (Yukl, 1994). According to these theories, the most effective leaders use power in rather subtle ways so that subordinates are not threatened, humiliated, or ways which emphasize the difference in status and position of the subordinate. Leaders who attempt to manipulate or dominate subordinates or are arrogant in their use of power often meet with resentment and resistance (Yukl, 1994). Influencing actions are most successful when the leader's requests are perceived as being legitimate, reasonable, obviously connected to the mission or vision of the organization, and that is within the skill and knowledge base of the subordinate.

"Influencing tactics" are aimed at not just gaining subordinates' compliance, but in gaining their whole hearted commitment (Yukl, Lepsinger & Lucia, 1992; Yukl & Tracey, 1992). To accomplish this, leaders utilize one or more of the following tactics: rational persuasion, inspirational appeals, consultation, ingratiating, personal

appeals, exchange of favors, coalition tactics, legitimating tactics, and/or pressure (Yukl & Tracey, 1992).

John's influencing actions can be seen as a combination of those listed above; however, he often uses a consulting tactic where he seeks participation of others in determining what actions the subordinate should take. John also uses inspirational appeals especially when dealing with the field sales people, who don't directly work for him, in gaining their commitment of his vision for them and the company. However, he doesn't use other tactics such as personal appeals, exchange of favors, to gain others' compliance. Ed's tactics are focused more on rational approaches to difficult problems to gain employees' compliance or commitment. Neither John nor Ed resort to pressure or positional power (legitimating tactics) to gain compliance or commitment. Mary inspires her people to accept her ideas and appeals (personal appeal) to them for their compliance. Rob uses intellectual arguments (rational persuasion) to influence his management group into implementing his ideas. He also uses what are perceived as intimidating tactics (positional power) to gain compliance.

Charismatic Leadership

Although charismatic leadership is a more recent category of leadership theory, a great deal has been written about it. The major issues in charismatic leadership include: the difficulty in defining just what it is, how it operates, what actions leaders can take that result in the charismatic phenomenon, and what conditions need to exist for it to appear. Much of the research on charismatic

leadership explains the effect it has on subordinates or followers in organizations (House, 1977; House, Spangler & Woycke, 1991; Howell & Frost, 1989; Smith, 1982). These effects are described variously as feeling affection for the leader, feeling emotionally connected to the mission, and feelings of making contributions to the mission (House et al., 1991). Some research describes leadership behaviors that are associated with charisma such as leader articulated vision, models of desirable behaviors, and communications of high expectations (Podsakoff, MacKenzie, Morrman & Fetter, 1990). Other theories of charismatic leadership, such as Attribution Theory of Charisma, describe similar behaviors of charismatic leaders (Conger, 1989). The role model that the leader portrays seems to have significance, since identification with the leader is an important aspect of the phenomenon (Conger, 1989). Other theories don't pertain to leaders' actions and behaviors, but instead focus on the need for self-esteem of followers and their emotional reactions in groups to charismatic leaders.

Two of the leaders studied for this paper have charismatic attributes, according to managers in their organizations. According to Shamir, the communication of stories and the use of symbols are behaviors that charismatic leaders exhibit (Shamir, 1991b; Shamir, House & Arthur, 1993). Mary uses these behaviors extensively. We have seen her use of image and symbols to create myths about her organization's attributes that, not until later, became reality. These myths become legends, shared both internally in her organization and externally among competitors.

Managers, employees and field sales people perceive John as charismatic, but they have difficulty in explaining why they perceive him in this way. From discussions with managers and a review of company materials, I have learned of John's use of symbols to help people focus on programs, events, and concepts. John is a very effective communicator and public speaker. Using these skills, he is able to communicate effectively his vision to the rest of the organization. He models behaviors that others try to emulate. These include consideration and sensitivity of others' feelings, his confidence in ultimate success, and his communication of the company's mission, all of which are associated with charismatic leaders.

There are negative aspects associated with charismatic leaders as the events in Jonestown and the Hale-Bopp comet /San Diego mass suicide demonstrate. Such charismatic leaders have followers who strongly identify with them. In addition, they tend to leave their organization powerless to function without their presence (Bass & Avolio, 1990a; Shamir, 1991b). Although both companies, the Headquarters and the Marketing cases, are dependent upon their leaders, John's actions attempt to build more leadership, at all levels, throughout his organization. Mary, on the other hand, hasn't built such leadership in her company, although she has set in motion some mechanisms to address this issue such as forming the advisory council and empowering individuals to achieve success.

Transformational Leadership

Transformational leaders are able to take actions which help organizational members to seek high achievement and self-actualization (Bass & Avolio, 1990a; Burns, 1978). In other words, these leaders lift their employees to higher ideals, moral values, and self-improvement. On the other hand, transactional leaders gain compliance through appeals to individuals' self-interest (rewards, promotions, and compensation) (Burns, 1978). Transformational leaders gain followership by creating an awareness of the employees' tasks in connection to the organization's mission, and by encouraging placing the good of the organization above individual's needs by activating high-order needs such as affiliation and self-actualization (Bass, 1985). According to Bass and Avolio, charisma does play a part in transformational leadership, but so does creating awareness of issues and problems, providing support and consideration for followers, and motivating inspirationally (Bass & Avolio, 1990a). However, charisma is used differently by transformational leaders than by purely charismatic leaders. Transformational leaders who seek to empower and elevate their followers, not to weaken them and make them dependent, are charismatic in a productive way.

John, who denies his charisma, actually fits the role of transformational leader. From reports by other managers in his company, they see him as inspirational, helping them to perceive the company's mission. The mission is not just to make money for the company, but to provide an opportunity for all to have their own businesses and work as hard and earn as much money as they feel desirable for themselves. As noted elsewhere in this chapter on

leadership, John works to create an environment that allows people to seek high achievement.

Ed has led the transformation of the manufacturing arm of his company. Yet managers who work for him do not describe him in terms of charisma or transformational leadership. Other managers report that they see Ed as having a strong sense of values, working hard, actively listening to what the workers are saying, and making people think hard about their ideas. It seems that people really trust Ed and believe that he is an honest, decent, and caring person. Evidently, these qualities plus his strong expertise in manufacturing gain people's confidence, loyalty, and commitment. This is a subtle form of charisma in terms of his modeling behaviors.

Mary, as mentioned earlier, is the one leader of the four who uses her charisma most consciously and extensively. Yet, she seems more of a transformational leader than a purely charismatic one. It seems that her employees are quite dependent upon her for her creativity, innovations, and inspiration. However, she provides an empowering climate for her workers where they can be high achievers. In addition, she seems genuinely kind, considerate, and looks out for their welfare. Linda perceives Mary as a very hard working model for her to follow.

It is difficult to categorize Rob's leadership style. Rob is very hard working according to self reports and statements from his managers. However, he seems neither a transformational nor charismatic leader. He is not a participatory leader either, since he tends to work alone devising plans and strategies. It is unknown if he would be able to change his leadership style to meet the

leadership needs of other organizations, but it seems unlikely since his style appears to be inappropriate for his current situation. His actions, as reported by two of his managers, are not satisfying their needs nor helping them to achieve their tasks. Rob apparently uses his positional power to gain their compliance. He does provide a strong vision of what the new company can become, but that vision is difficult for employees to identify with in their day-to-day work. Perhaps Rob is not really leading his company, and others are attempting informally to take over parts of what his role should be so the company can move forward to transform itself successfully.

Another category of leadership theories, **traits and skills**, is based on studies of leaders' motivation for their actions. These studies examine leaders' traits and skills and include the work of McClelland, Miner, Boyatzis, and others. Since, in this section of the analysis we are not examining leaders' motivations, these theories are not discussed.

Mental Models

As described in the literature review on mental models, this concept refers to deeply held beliefs, assumptions, generalizations, values, rules, and other similar personal concepts (Argyris, Putnam & Smith, 1985a). Mental models are internal representations or cognitive maps of the world around us. It is our internal movie of how the world works. Mental models help us understand our world and function in it, in a way that reinforces the mental models and thus satisfies us positively or negatively. Our actions are a direct result of our mental models. Before we react to external stimuli, our

mental models filter and modify our thinking. Only at this point do we take action. What leaders' mental models are, and therefore, what they think about the nature of organizations, the nature of people in organizations, the nature of organizational change, and their own self-perceptions, are important for accomplishing transformational change. However, people are not generally aware of their mental models and have developed defense mechanisms that protect their deeply held beliefs from close scrutiny. It seems from the research conducted on these four cases, that understanding one's own mental model is helpful to leaders especially in choosing appropriate actions to implement transformational change.

Common and Dissimilar Elements of Four Leaders' Mental Models

Mental models, being essentially cognitive maps, cannot represent the world leaders live in either accurately or completely. Therefore, we can say, that leaders' mental models are lacking to some degree. Yet, often leaders act as if there were no difference between their maps and their actual circumstances (Weinberg, 1959). If leaders do not recognize this difference, they will likely be caught in taking actions that are inappropriate and unproductive for their situation. The following section identifies common elements in the mental models of the four leaders in this study.

The Nature of Organizations:

Only John has a fully developed theory about what organizations are and how they operate. He sees the organization in holistic terms and views organizations as living organisms where all

parts must function in coordination for the organism to flourish. Mary views her organization as personal property. It is hers to control and use as a way of fulfilling her personal aspirations. Ed sees organizations as ways of achieving quality and productivity. He seeks to improve the way the organization functions to gain the desired results and to help individual workers to achieve stability and fulfillment. Therefore, he works to upgrade local management skills in managing people to solve problems and directly deal with issues. Rob has a general view of organizations based on his perusal of Peter Senge's "Fifth Discipline." He says that his company needs to become a learning organization. Of the four categories in this paper used to examine leaders' mental models, this one was by far the least discussed by the subjects in this research.

The Nature of People in Organizations:

John, Ed, and Mary have strong concerns for people; they understand what people want and need in organizations. They believe in employees' desire and ability to succeed. They recognize people's desire to achieve and their need for respect. They believe that people truly want to make significant contributions to their organizations and they want to be utilized. These leaders believe that people need to be rewarded and recognized for their work and they understand why this is important. They believe that people are fallible, that they will make mistakes. From their perspectives, mistakes are valuable learning experiences for both the individuals and the organization. For these reasons they focus on rewarding achievement and not punishing failure.

Rob seems not to be concerned or aware of individual people's needs in organizations although his mental model contains some general abstract concepts about this subject.

The Nature of Planned Organizational Change:

John, Ed, and Mary believe that change requires strong leadership, and that people desire that leadership to be visible, positive, and consistent. These leaders believe that they have the responsibility of creating an environment where people can succeed even while in the process of change. These leaders also understand that people want to be involved in the decisions around change, the planning, and implementation that goes into the change effort. They understand the key ingredients that support transformational change to take place: a powerful vision, teamwork, and ongoing communication. They understand the importance of organizational culture and its positive, as well as negative impact on the change effort. They understand and accept their leadership role in organizational transformation. Mary, in particular, understands the role of image and perception in transformation. These leaders understand that change will not happen without the participation and commitment of everyone in the organization. They have the leadership skills, knowledge, and experience to gain that commitment.

On the other hand, Rob doesn't seem to have the concept of what leaders actually need to do or what their role is in transforming an organization and in enlisting others in the effort.

Self-perception:

John, Ed, and Mary have considerable self-knowledge. They can openly discuss their strengths and weaknesses. They know what their thoughts and feelings are about organizational life. John and Ed have the ability to see their organizations' life from their employees' viewpoint. Mary also has this ability, but her time frame for seeing it is not immediate. She seems more impulsive at each point in time, but is then able to reflect upon and analyze her behavior. John, Ed, and Mary see themselves as leaders and they are comfortable with the position. Each of these leaders has a philosophy that integrates their organizational life with the rest of their life. John and Ed see their work as life fulfilling with the opportunity to help others to attain a satisfying life. Mary's philosophy includes the belief that the creation of image will result in it becoming reality both personally and professionally.

Rob does not see himself as a leader as the term is usually defined. His mental model of leadership involves his collecting information from others, sitting alone pondering the issues, coming to a conclusion and issuing directives. He is not comfortable in the position of leadership. He has some awareness of problems he has relating with people, but isn't consciously aware of the extent of the problem.

Summary

Mental models have clearly had an impact on the transformational change efforts of the companies described in these four cases. Mental models have both positive and negative results. Argyris makes a distinction between espoused theory and theory-in-

use (Argyris et al., 1985a). This research has focused largely on the espoused theories of leaders, that is, their expression of their thoughts and experience. Insight into their theory-in-use has been gained from leaders' actions as reported primarily by interviews with the leaders' middle level managers which have informed the descriptions of the leaders' mental models in terms of their applications.

Consultants Uses for Theories of Action

Mental models, as mentioned above, consist of our deeply held beliefs, but they also consist of processes we use to decide upon actions in order to gain what we want. These ways of deciding upon our actions are called theories of action and are discussed in this dissertation's literature reviews of organizational change theory and mental models (Argyris et al., 1985a). Theories of action are divided into espoused theories which are what we claim to believe and theories-in-use which are what we really believe and also can be inferred from our actions. In other words, we can infer an individual's theories-in-use and the mental models on which these theories are based.

By comparing individuals' actions with what they say they believe, we can gain insight into their mental model. For example, in the Corporate Headquarters case, John believes that people need to take risks in order to be high achievers. His actions are to reward achievement and not punish mistakes. However, in the Utility case,

Rob says that communication is very important in his start up company, but, he communicates very little. In the first case, John's theory-in-use and espoused theory are the same and his actions demonstrate this. In the second case, there is a large discrepancy between Rob's two theories and his actions demonstrate this lack of congruence.

The discrepancy between what we say we believe and what we truly believe has great importance for leaders of organizations in planned transformational change. Becoming aware of the discrepancies between what we say we believe and what we do can help leaders examine their mental models and challenge their assumptions and beliefs about their organization, the people who work there, the changes that are ongoing, and about themselves.

Implications for Consultants

Leaders, as all people, react, not to an objective world, but to a world of their own creation, built by perceptions, assumptions, generalizations, and theories about what this world is like. This constructed world of their own making is their mental model and they need to examine and reflect on the results if it is inappropriate or incongruent with their actions. By understanding the existence of their mental model and challenging the basis upon which it is constructed, and how their actions relate to it, they both free themselves and enable themselves to make better choices and take more appropriate actions.

Therefore, I believe that consultants have two roles when working with organizational leaders who are their clients. The first

deals with education of the leaders on fundamental concepts of transformational change so that they can identify problem and success areas in their organizations and know the range of possible actions to take. However, implications from the research in this study indicate an important part of consulting work is also to help leaders of organizations become aware of their mental models, both in theory and in use. Therefore, the second role of consultants is to assist leaders in recognizing the discrepancies between what they say and what they do so that leaders can be congruent, that is, in a sense, be an integrated whole by examining their mental models in terms of their functionality. Leaders need to become aware of what they are experiencing at the moment they are experiencing it and becoming able to communicate this awareness to others (Rogers, 1969). Helping leaders become aware of their lack of congruence assists them in challenging their own mental models.

There is a distinction between mental models and "mental makeup." Mental makeup refers to the psychological and emotional underpinnings that are the basis of each of our personalities. Mental makeup is examined when we try to determine **why** we think and act as we do. In order for consultants to assist organizational leaders, they need to determine the boundary between mental makeup and mental models. This is of great importance for me, since I do not see consultants' roles as pertaining to the area of mental makeup. Consultants can best assist clients whose needs fall into this realm by encouraging they seek professional psychological help. There are clinical psychologists who specialize in consulting to organizational leaders in precisely this role.

One implication for further research is to examine this boundary interface between therapy and management consulting as demonstrated in the congruence or lack of congruence between espoused theory and theory-in-use. Consultants need to be able to determine the difference between a lack of perception on the part of leaders and emotional dysfunction. For example, Rob appears to have a high lack of congruence between his espoused theory and theory-in-use. In addition, his espoused theory is lacking in some critical areas of interpersonal relations. He himself admits that some of the criticism expressed about his behavior resonates in his personal life history. The consultant can assist a leader like Rob by helping him perceive his actions vis-a-vis his words. Further, the consultant can also help the leader see the significance and impact of his mental model on the people in the organization and the whole change effort.

From this view, the work of the consultant resembles, in some respects, the mental health care-giver using Reality Therapy (Glasser, 1965). Reality Therapy concepts are strikingly different from traditional Freudian psychiatry. Glasser posits that regardless of our history or condition, we are all responsible for our actions. When we act in ways that are inappropriate, we are acting irresponsibly. Actually, we are satisfying our needs by taking inappropriate actions. The role of the therapist in Reality Therapy is to confront the patient with his/her actions and to challenge the patient on their appropriateness. "Our job is to ... confront them with their total behavior, and *get them to judge* the quality of what they

are doing. ... unless they judge their own behavior, they will not change" (Glasser, 1965 p. 56).

Assisting the leader with confronting the reality of their actions is the first step in Reality Therapy treatment and is also an appropriate first stage for the consultant's work. Next according to Reality Therapy, once the patient recognizes reality, he/she must learn to get his/her needs met within the context of this reality. For example, could a leader like Rob, who has a high need for control, learn to satisfy that need in ways that would also satisfy organizational members needs for independence of action? This question leads to the third step in Reality Therapy where the therapist teaches the patient to fulfill his/her needs in ways that are appropriate to the situation. The consultant performs essentially the same service by teaching the leader to learn appropriate ways of acting that would also satisfy his/her needs. If Rob actually encouraged his people to think for themselves and delegated responsibility to his senior management and other employees, he would be acting congruently with his espoused theory and acting appropriately for the organization's needs. By acting "as if" he didn't want a high degree of control, Rob would be learning responsible behavior and this, in turn, would begin to align his espoused theory and his theory-in-use (Glasser, 1965).

However, it is important to point out that the consultant cannot take on the role of therapist, which in Reality Therapy, means developing a close, loving relationship with the patient. The consultant needs to beware of crossing the boundary in providing a more therapeutic role. Even if qualified, the consultant must

remember that his implicit moral contract restricts him to addressing only those issues directly related to organization issues.

A Final Thought

It surprises me personally that, in the study of business organizations in general, there is a lack of perception of problems associated with organizational transformation from the perspective of leaders building a work environment that empowers people to use their experience, skills, intelligence, creativity, and innovativeness for organizational growth and development. In Chapter One, I describe my perception of the present situation that exists in American business organizations. I am not alone; others have similar perceptions of organizational dysfunction (McGregor, 1960; Peters & Waterman, 1982; Schaef & Fassel, 1988; Senge, 1990a; Weisbord, 1987). In a recent discussion on a public radio program of a currently popular book on productivity with the author Professor Richard Lester of MIT, the only two models of business organizations (of many available to choose from) that were mentioned were described: Taylor-like organizations where management rules dictatorially and jobs are narrow and robotic-like, and paternalistic-like organizations that wrap employees in a security blanket. These two models were described as ineffective according to the Professor Lester, since neither model can deal effectively with the rapid change that business now, and for the foreseeable future, faces. Yet, no discussion of any alternative was made. There was no mention of the role leaders need to play in creating an alternative model of business organizations, or the need to examine closely leaders'

mental models to assure that they take appropriate actions in leading their organizations. In addition, the discussion lacked reference to the significant contributions workers can make to their companies if leaders create an environment where everyone is encouraged to fully utilizing their intelligence and creativity for the betterment of the organization. I believe that the concepts in this paper offer a viable alternative.

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APPENDIX III: CODES BY CATEGORIES

The Nature of Organizations:

Management planning
Understanding organizational systems and processes

The Nature of People in Organizations:

Need for achievement
Sensitivity to feelings and emotions of others
Understanding need for rewards and recognition
Understanding organizational dynamics
Understanding resistance
Understanding what makes people tick
Understanding and people in organizations

The Nature of Organizational Change:

Need change
Perception of change
Risk taking
Understanding concept of leadership
Understanding innovation
Understanding leadership and management
Understanding need for communications
Understanding need for rewards and recognition
Understanding need for teamwork
Understanding organizational change
Understanding organizational culture
Understanding role - others
Use perception to create success
Willingness to change

Self Perception:

Ability to see from others viewpoint
Creating reality
Philosophy of living
Seeing oneself as a leader
Self awareness
Understanding role - own

APPENDIX I: INTERVIEW INTRODUCTION LETTER

My Address

City, State

Telephone Number

Date

Interview Subject

Dear ___,

Thank you for agreeing to meet with me and participate in my research.

Introduction and Purpose of My Visit

The purpose of this letter is to introduce myself and the dissertation research that I am currently conducting. I am an experienced manager who is working towards a Ph.D. degree in the field of organizational change. My research involves studying managers' and leaders' responses to planned transformational change in organizations. My primary data collection process is by interviewing leaders and middle level managers in companies that have undergone planned transformational change.

Transformational change is defined as changes to a company's core values, norms, and culture. This change can be accomplished by implementing procedures such as a team-based structure or participative management, or changing its information technology, manufacturing processes, or customer service goals. Other factors such as rapid growth and radical change in market approach can also be considered transformational in nature.

Protection of Confidentially

Protection of confidentiality and anonymity of both the company and those interviewed is of great importance and is achieved by coding responses and removing or disguising any identifying information. In no case, will identifiable information be released.

Conducting the Interviews

All interviews will be tape recorded. Transcripts of these recordings will be made available upon request for your review and correction as desired. Findings of this study will be gladly shared. The abstract of my dissertation will be sent to you.

I hope that by participating in my research, you will gain value from it, in return. Most subjects interviewed have found the interviewing process to be an opportunity to reflect on the change process in which they are a part. The opportunity to discuss issues and concerns confidentially and with someone outside of the company has helped subjects in clarifying their own thoughts.

I look forward meeting with you.

Respectfully yours,

Stephen C. Rathmill

APPENDIX II: INTERVIEW INTRODUCTION AND QUESTIONS

I am conducting research for my dissertation on what makes organizational change succeed, in order to help me focus on what makes companies improve. I want to explore, with you, some of the majors changes that your company has recently experienced: What the changes were; how they were implemented; what results were achieved, and what was your role as leader.)

I have mostly open-ended questions which you can answer any way you see fit. These interviews take anywhere from 45 to 90 minutes. Longer is fine with me.

I guarantee the confidentiality of my sources, both people and companies.

Feel free to ask me any questions now or at any time. I'd like this interview to be as conversational as possible.

1. Cause of Change Effort

You've taken this company through significant growth.

-What led up to this growth?
-What made you recognize that you could achieve these results?
-What was the situation that led up to you embarking on this growth?
-How did you determine what to do? Who was involved?

2. Implementation Plan

-Did you have a formal implementation plan?
-Did you use it?
-Who was involved in planning?
-What technical issues did you consider?
-What human issues did you consider?

3. Results (results of change, not quality of decisions or strategy)
    -What changed?
    -What changed in the way work gets done?
    -Did values change? goals, vision, mission, what's important?
    -Did norms change? How work gets done, rewards/punishment, risk taking/how failure is handled, how people relate/group dynamics?
    -Did behaviors change? Participative/dictatorial, power/control?
    -Where these the changes that you had planned?
    -What did not change?
    -What changed but rolled back? Why do you think this happened?

4. Resistance
    -Was there any evidence of resistance to your changes?
    -What was done to reduce it?
    -What does it mean when there is resistance?
    -Is it good, bad, other?
    -Is apathy better than resistance?

5. Roles-Leaders
    -What was your role in the change effort?
    -Would this role change in other change efforts?
    - What should your role be?
    -What was the role of mid level managers during this change?
    -What should be their role?
    -Have your views changed from this experience?
    -Do other leaders that you know well see their roles similarly?

6. Leader as Role Model (behavior, energy, thought processes)
    -Do you think that others perceive you as a role model to be emulated?
    -Do you want them to emulate you?

7. Roles-Mid level Managers

-What was your role in the change effort?
-What should your role be?
-Have your views changed from this experience?
-Do other managers you know well see their roles similarly?
-What should be the role of leaders in PTC?
-Do you think they perceive their roles as you do?

8. Perception of organizations

-When someone asks "what is _____ (name of company)," how do you respond?
-Is that the order of importance to you?
-"A company is like a living organism." How do you respond to this statement?

APPENDIX IV: MENTAL MODEL TEST

Please read each bulleted paragraph; then select four that you decide to assign codes. Choose one of the four codes from the list below and place your choice in the left hand margin next to the paragraph. Please feel free to assign codes to more paragraphs as you wish.

1. **The Nature of Organizations**
2. The Nature of People in Organizations
3. The Nature of Organizational Change
4. Self Perception

- This is a tense place. We are trying to do something hard and we could fail. Everyone knows it and so there is a level of anxiety here which is way beyond where we were at the other company [his former company].

- I always try to get their participation or get them to think of the change and then get them to implement it. Depending upon the business needs and time frames, I determine whether or not I'm going to force the decision and make it for them, and then help them put together a plan. Or I may keep playing with it for a while to get their input, and get them to think about how to implement it.

- There were maybe three buckets of stuff. One was trying to improve the relationships at the top of the company, another was to begin thinking about really big stuff and a third was approaching operational change in a organization for that was pretty dogmatic.

- In a very significant way we had left out middle management of the company. In part, that was true for a number of reasons. The quality of those people but significantly the management ability of the officers of the company in some cases was not highly developed which is typical in a bureaucracy and as a result there was a time in which I felt we were working pretty well as a senior management team but that wasn't translating into results down in the organization and that is part of what led us into the quality work that we pursued on a very bottoms up basis.

- I think a big part of it was cultural, not in the sense of Jill being African American, but in the sense of having grown up in a culture that was much more directive at X, versus one that is more a negotiating culture, which it is in our case, and Jill became quite frustrated and could become quite rigid when confronted with someone who disagreed with her.

- The environment that's been created is one that is not punitive, and reinforces success rather than punishes failure.

- Focusing is very difficult in this environment because there is still the sort of natural tendency to try and find out what's wrong versus finding out what's right and they focus on dealing with symptoms rather than dealing with issues.

- It felt horrible when I first began to understand what it was that I was hearing. I thought about it, I talked to a couple of people internally that are good at thinking about those sort of things, and decided that I would, confront it head on

- I realized a fundamental change was needed, but what I didn't do as well as I needed to, in retrospect, was to force the editing process. That is the underpinning of fundamental change so that what indeed happened was the addition of new initiatives versus the replacement of the old for the new.

- Customer service prior to me getting here did not have service level statistics. They are a call center environment yet didn't know how many calls they were handling, what their service level was in handling calls, and what the vital statistics were for operating that area. They had a system but the system was so old and was so wrong, that for years it ran while they knew it was garbage and the numbers they were getting were garbage.

- I had someone who recently underwent cancer treatments. She's a trooper. She was undergoing radiation and still working half a day for the six weeks that she was having treatments. And she was very concerned about the impact of her disease on her future in the company. She talked with me about what her career goals were and what she wanted to do and how she felt this was really going to throw a wrench in everything. The kind of things that I shared with her were, of course, you know that's not you primary concern right now, what you need to be concerned with is getting well and, as far as your career, we can absolutely work on a plan to keep you on track for where you want to be, what you want to be involved in, even if you are out of commission, so to speak, for the next six weeks, that's, six weeks out of how many years have you been here and how many years you will be here. That's not significant.

- I compliment them for coming to me about things like that. 'I'm glad you feel so comfortable to come and talk to me about it.'

- I would reemphasize the statement, it has been my experience that there is no such thing as changing an institution or an organization in which the leaders do not commit to personal changes as well, and to confronting themselves, allowing themselves to be confronted with the need for amending the

way they look at things, to rethinking their behaviors and to focus on their activities.

- Well we had the looming question of where the industry as a whole was going and what might happen to a little distribution company. We had what I regarded as a seriously dysfunctional senior management, and we had a number of a corporation issues, change issue that needed attention, quite apart from where we might go strategically.

- And I don't care who the individual is or how capable they are, in a organization such as this, one has to be able to delegate effectively, that is to be able to rely on individuals to make good solid creative decisions on an ongoing basis in order for the organization to function. This is one of the issues that we are dealing with right now Steve, that it becomes increasingly dependent on the leader. You very quickly reach the limit of what that one individual, again regardless of how competent they may be, can do, and that is as true in a function head as it is in a CEO.

- The way business was being handled had sort of entrenched itself in terms of issues that were just not being dealt with on a timely basis and decisions not being made. All this is sort of a malaise that effects an organization that has lost its confidence in itself.

- Well, there is a fair amount of firefighting, but there is also a lot of finger pointing which is probably the most destructive aspect of this. It's sort of like one's heart attacking ones liver, saying the liver isn't doing it's job that's why everything is fucked up, and I've come to the conclusion after all these years in management that when times are less than good there's an almost natural inclination for that to happen and it requires an enormous of management and leadership just to keep the organism from almost self destructing.

- I've always worked hard but I've never worked on a sustained basis this hard with anyone, the possible exception I think, was my first year of law school.

- In doing that, it felt good, it felt like the right thing to do, and that I was doing the right thing for me developmentally and in doing that and being vulnerable, the way it makes you, uhm set an example that people really saw. It sets up expectations. I need to be careful at measuring up to that.

- I have my faults, but one of them is not that I have difficulty dealing with reality.

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